

"Co-operatives and the Social Economy: An Approach to Mapping in Atlantic Canada"

by

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ABSTRACT:

This paper reports an overview of mapping research in progress in the Atlantic Regional Node on the social economy. The authors review the approach being taken to the task of mapping parts of the social economy. We contextualize this work within a discussion of the significance of mapping for the region, and a brief review of both the types of information available and the gaps that exist. As a first step the research focuses on developing and implementing a study of co-operatives across the four provinces. Our paper summarizes and explains the steps taken thus far, highlighting the contributions anticipated and the rationale for beginning with co-operatives.

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In this presentation we will describe for you one piece of the research that is to be conducted in the Atlantic Canada-based project “Social Economy and Sustainability: Innovations in Bridging, Bonding and Capacity Building”. At this stage you will hear only about research in progress, as we have yet to even finalize the survey instrument, let alone collect the data. However, we believe that there is value in discussing the work done to date, and in encouraging discussion around the various issues we will be raising regarding “mapping” the social economy in the Atlantic Region.

1. Brief overview of the Objectives of the Research – Mapping Elements of the Social Economy and Conceptualizing its Forms.

The purpose of the research is to contribute to our understanding of the characteristics of the social economy of Atlantic Canada – by creating a “portrait” of certain of its key elements. The Social Economy is a complex and diverse sector and in Atlantic Canada, at least, few organizations as yet self-identify with that sector. Indeed when recruiting partners to the team I often heard the question “What is the Social Economy?”. The term is not often heard in Atlantic Canada – but we believe it will prove a valuable concept to introduce and employ.

If we think of the SE as the area of social and economic life where people engage in mutual self-help, working to realize social/community values through organizations that are designed to enhance collective well-being rather than individual gain, we see that this diverse sector is indeed a common element of life in Atlantic Canada. With both residual and proactive elements, the diversity in the social economy is also expressed in fragmentation and limited awareness of sister efforts in different geographic, national, cultural, and linguistic sectors. Other divisions relate to various actors’ relationships to the market, to explicit value positions, and to the public sector. Such unbridged silos weaken transference of knowledge, limiting the adoption of innovations and the awareness of options.

Following the maxim that “you only hit what you aim for”, our network intends that by the end of the 5 years of our research, SE actors and governments in the Atlantic region will have an understanding of the nature of the region’s social economy. One contribution toward this goal is that of increasing the self-awareness of the social economy in the region. The use of a social economy frame, necessarily adopted by partners in the project, will have an impact on the partners, whether located in the academy, in government, or in community organizations. The mapping research will contribute beyond the team itself, heightening awareness of the social economy as a coherent and valuable part of individual, family and community life in the region – an awareness grounded in a useful conceptual framework and high quality data. This in turn can contribute to bridging, bonding and other aspects of capacity building and inclusion that will strengthen and mobilize Atlantic Canada’s social economy. Further, the information we collect will be useful in informing policy deliberations and consultations.

The specific research questions that our mapping research addresses are as follows:

- What does the SE in Atlantic Canada look like; what regional needs does the SE address?²
- What are the characteristics of organizations in the SE? – profile key elements
- How can we best capture this sector conceptually?
- What, if anything, makes the SE in our region distinctive or innovative?
- How interconnected are the different facets of the SE and to what effect?
- Implications of our findings for government policy?

In addressing these questions, we are mindful of the value of recognizing and learning from work that has preceded ours, of seeking synergies with the other research Nodes, of collaborating with the National Hub, and of the need to recognize the limitations of time and resources.³ This CASC paper is part of our ongoing effort to keep in touch with work outside the region, with a view to engaging in dialogue and debate.

2. Methodology

Knowing why we are mapping is a start, but exactly what are we mapping? Here we are confronted with the potential quagmire of definitions and typologies, the issue of whether self-identification be a criterion for being considered part of the social economy, whether the informal groups within the SE can be recognized and studied, and of course how to build the sample frame.

As Quarter et al (2004) note, SE organizations differ in their social objectives, qualities of social ownership, extent of volunteer and social participation, and degree of civic engagement/social change orientation. Some are market-based, others less so. These diversities have given rise to many competing SE typologies (Levesque & Mendell 2004). Decisions about typologies and categorizations are not trivial - they guide scholarly theorizing, research and the presentation of data, they have significant policy consequences, and they affect the way SE organizations see themselves.

Although the precise definition of the SE is still contested, one of our team members, Luc Thériault (2006), offers a useful description. He argues that SE organizations have a clear social mission and the following ideal type features: goods and services for members and communities without being oriented primarily towards making a profit; management is independent of government, elements of democratic decision making by workers/users, priority of people over capital, emphasis on participation, empowerment, individual and collective responsibility. The legal form such organizations take tend to be co-operatives,

² Answering this requires consideration of further questions as whether in Atlantic Canada the social economy best understood as residual, serving to fill in where governments and markets are not meeting needs. Does it also, or instead, foreshadow the development of an alternative economy characterized by empowerment, inclusiveness, and sustainability? What is the relative mix of individualistic and collectivistic/solidaristic values? What roles do social capital and forms of reciprocity play? (Gouldner, 1960; Restakis, 2006; Zafirofski, 2005)

³ We are also participating on the data development committee set up by the HRSDC and intend to collaborate in that group's ongoing work. We will also consult with Marie Bouchard, who holds a Canada Research Chair in the Social Economy at UQAM. She is establishing indicators and a typology for the SE, and is working on innovation in the social economy (Bouchard, 2004).

non-profit associations, or mutuals. In such organizations, social capital is as important as material capital. Restakis (2006) defines social economy organizations as “those organizations whose members are animated by the principle of reciprocity for the pursuit of mutual economic or social goals, often through the social control of capital.”⁴

Discussions among our research team recognize that while no universally-accepted definition of the social economy exists, most analysts would agree that it can be conceived minimally as composed of charitable, nonprofit and voluntary organizations on one hand and on the other hand, of social enterprises taking the forms of co-operatives (including financial co-operatives like credit unions), and mutuals (Levesque and Mendell, 2004). This makes clear that the social economy has non-commercial (or non-market) and commercial (or market) sides.

The mapping project is being developed out of a research cluster under the coordination of Luc Thériault. Input to the work of that cluster comes from the discussions of the team, including input from a survey distributed during the February 7, 2006 team meeting. When asked what our team should map or profile, the respondents generated the following rank order among the options offered: co-ops, nonprofit organizations, specific cases/examples, aboriginal communities/organizations, communities, our own team members, charities. When asked what methodologies we should use, team respondents offered ranked the choices presented as follows: interviews with key informants, surveys / tied with community studies, case studies of organizations, focus groups). Respondents indicated that mapping information would have value towards building partnerships and alliances within the SE sector, and that it would help partner organizations to see where they are located within the larger picture. The portrait would have value as well when lobbying on policy issues.

In considering what specific project the research cluster would develop first, we began with the fact that co-ops and non-profits were important components to map. Imagine Canada (part of the team) working with a consortium of nonprofit organizations and Statistics Canada had already completed a national survey of nonprofits and voluntary organizations - the 2003 National Survey of Nonprofit and Voluntary Organizations (NSNVO). The survey covered one key component of the social economy and provided data which could be combined with that about other components to provide a broad portrait of the social economy in Atlantic Canada

The NSNVO provides data on the size and scope of nonprofit and voluntary organizations in Canada and Atlantic Canada (Hall et al, 2004)⁵ collected via a telephone survey of approximately 13,000 nonprofit organizations that were formally incorporated or registered with provincial, territorial, or federal governments and 2,600 organizations

⁴ He further argues that a key quality of associational life is reciprocity. “When reciprocity finds economic expression for the provision of goods and services to people and communities it is the social economy that results.” [note the work of sociologists on the “norm of reciprocity”]

⁵ Hall, M. H., et al. (2004). *Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations*. (Catalogue no.61-533-XPE) Ottawa: Statistics Canada.

in Atlantic Canada. It provides answers to a number of key questions about Canada's nonprofit sector including:

- How many nonprofit and voluntary organizations are there?
- In what areas do they operate?
- How many Canadians do they involve in their activities?
- What financial resources do they rely on?
- What challenges are they facing? and,
- What regional variations exist?

While the survey provides useful insights about a substantial part of the social economy, namely nonprofit organizations, its coverage excludes most of the co-operatives and credit unions in the country. The NSNVO employed the structural-operational definition of nonprofit organizations developed by Salamon and Anheier (1997). This definition considers organizations to be nonprofits if they are:

- organized (i.e. having some structure and regularity to their operations)⁶
- non-governmental (i.e., institutionally separate from governments)
- non-profit distributing (i.e., do not return any profits generated to their owners or directors)⁷
- self-governing (i.e., are independent and able to regulate their own activities)
- voluntary (i.e., benefit to some degree from voluntary contributions of time or money)

In applying this definition, most co-operatives and credit unions were considered to be outside the scope of the NSNVO.

It is worth noting that hospitals, universities and colleges are included as part of the nonprofit sector in the NSNVO. Despite the fact that these organizations receive substantial amounts of public funding and are extensively regulated by government, they are generally governed by volunteer boards, registered as charities and receive substantial contributions of volunteer time. In 2002, when the NSNVO was being developed, hospitals, in most parts of the country, were considered to be sufficiently independent of government for them to be considered to be nonprofit organizations. Since then, however, hospitals have become increasingly controlled by government to the point where it is now difficult to argue that they fall within the structural-operational definition of nonprofit organizations provided by Salamon and Anheier.

⁶ The NSNVO excluded "grass-roots" organizations or citizens' groups that are not formally incorporated or registered with provincial, territorial or federal governments. It also excluded some organizations that may be registered charities but are normally considered to be public sector agencies (e.g., school boards, public libraries and public schools).

⁷ A small number of co-operatives were included in the NSNVO. Jack Quarter (see *Canada's Social Economy, Co-operatives, Non-profits and Other Community Enterprises*. (Toronto, James Lorimer, 1993)) notes that some co-operatives—including credit unions and groups that deal with farm marketing and food retailing—do allow members to hold shares in the organization. The mission of these organizations is typically not to maximize profits and, unlike the shares of a business, the shares of such co-operatives do not entitle holders to dividends of any year-end surplus.

The NSNVO also focuses on nonprofit organizations that have been incorporated or registered with a government agency. And, according to the survey, there are 161,000 such organizations in Canada. However, there are likely to be a substantially large number of grass-roots associations or unincorporated forms of organizations that could arguably be included in an estimate of the size of the nonprofit sector, or for that matter, the social economy. Smith (1997) suggests that a reasonable estimate of the number of grass-root associations in the United States is about 30 per 1,000 of the population which would yield a count of about 900,000 grass-roots associations in Canada. These unincorporated organizations are extremely difficult to locate using standard survey techniques. Their exclusion is not likely to affect estimates about the economic aspects of the nonprofit sector, however, because organizations that have sufficient revenues to hire staff, or lease or purchase property are more likely to incorporate to protect their members from personal liability issues.

Turning to the picture that the NSNVO provides of the nonprofit sector in Atlantic Canada, it shows that there are 12,900 nonprofit organizations in the region. They have total revenues amounting to \$5.7 billion (compared to \$112 billion for all of Canada), report 4.9 million members and employ 9% of the region's labour force. The NSNVO also provides important information about the capacity of nonprofit and voluntary organizations to fulfill their mission. It shows that despite their economic force, a substantial number are having problems fulfilling their missions because of such things as difficulty planning for the future, recruiting volunteers and board members and earning revenues.

How much of the social economy is missing from the NSNVO? Data on the size and scope of non-financial co-operatives is available from the Canadian Annual Survey on Co-operatives (Co-operatives Secretariat, 2004), which is based on the reports of 5,719 organizations. The survey shows that there are 496 non-financial co-operatives in Atlantic Canada that received a total \$1.4 billion in revenues in 2002, and had 170,000 members and 8,012 paid employees. Even without including the contributions of financial co-operatives, the co-operative component of the social economy in Atlantic Canada is substantial and illustrates how NSNVO is likely to significantly underestimate the size and scope of the broader social economy.

There are some limitations to employing the NSNVO to develop a portrait of Atlantic Canada. In addition to the lack of coverage of co-operatives and credit unions, perhaps the largest is the limited sample size of Atlantic Canadian nonprofit organizations. The NSNVO, while a very large survey by any standard, includes only 2,600 organizations from Atlantic Canada which limits the level of detail that one can extract from any province and virtually eliminates the ability to work within regions of a province. So it is more suited to providing a macro perspective of the nonprofit organizational component of the social economy in Atlantic Canada than a fine-grained provincial or regional analysis.

We propose to map the size, structure and scope of the social economy in Atlantic Canada drawing on two main sources of data. First we will undertake a secondary

analysis of the NSNVO data for Atlantic Canada that will allow us to identify, among other things:

- The number of nonprofit and voluntary organizations and the economic areas in which they work (e.g., health, social services, housing and development);
- The number of paid staff and volunteers they involve in their activities;
- The number of members;
- The extent to which organizations provide public or mutual benefit;
- The extent to which they are autonomous;
- The sources of their revenues (e.g., earned income, government, private philanthropy);
- The size of organizations based on their revenues;
- The amount of revenue they contribute to the Atlantic Canada economy; and,
- The problems they report fulfilling their missions.

We plan to collect comparable data on co-operatives and credit unions.⁸

This work is now underway. The members of the mapping research cluster began by reviewing the work of the NSNVO, noting the strengths and weaknesses of the methods used, and the specific questions asked in their survey instrument. During this time we also learned that the Ontario Node had made similar decisions and had already developed a draft survey to be administered to co-operatives and credit unions in Ontario. They graciously let us see their instrument and we have been working with both the Ontario and the NSNVO instruments in designing our own. As did NSNVO and Ontario, we decided to use telephone interviewing as the data collection strategy.⁹

We intend to survey the universe of co-operatives and credit union in the four Atlantic Provinces – a total of about 665 organizations.¹⁰ Our intent is to ask some of the same questions asked by the NSNVO and by the Ontario Node, to ensure some degree of comparability, while also asking questions that pertain to the regional stakeholders' interests and needs. We are seeking to supplement our SSHRC funds, in order to conduct this survey and in order to make it available in both official languages.¹¹

⁸ Mutuels are left out of our regionally-focused research as the National Hub is currently preparing its own project on mutuels in Canada.

⁹ The questionnaire will be shared with other Nodes. Note too that we have yet to complete the Ethics Application process.

¹⁰ We have been working to clean the lists we were given by the provinces – we have winnowed their lists down to 578 co-ops and 87 credit unions that are currently active.

¹¹ We recognize that in taking this approach we are not including the informal elements of the social economy, nor are we allowing for self-identification. Regarding the latter, given the newness of the SE concept in Atlantic Canada, we do not believe that it makes sense to ask organizations to self-identify – at least at this time. As for the informal elements, we intend to obtain data on these in other ways, through the work of the other research clusters. In our original proposal we talked about other types of projects that will complement the survey data. These will be developed at later stages of the five-year project. The mapping research cluster is in the process of developing milestones and a detailed workplan.

3. Anticipated Outcomes of the project on mapping

It is anticipated that analysis of the survey results in combination with the results of the NSNVO study will contribute substantially to answering the research questions posed above. We anticipate working both within the region and in partnership with other groups across Canada, to disseminate the research results broadly, and in formats useful to a variety of stakeholders. This research will make possible a comparison of the characteristics of co-operatives, credit unions, and the nonprofit and voluntary sector, allowing us to better situate their contribution to (and role in) the regional social economy. The results of the survey will be useful for stakeholders in Atlantic Canada, providing up-to-date information on an enlarged set of systematically gathered baseline data. These results will have national import as well, as they will be structured and organized to interface with results emerging from Ontario and from previous work done across the country by Imagine Canada.

The potential audiences for this study are varied, ranging from the social economy sector itself in Atlantic Canada, to government bodies, other researchers, and students. Our research and the publications / presentations resulting from it will contribute to further research on the social economy in Canada, providing material that other researchers can use in planning their own investigations of the social economy, or in doing comparative analyses. The co-op and credit union sector of the region has never been profiled this comprehensively and in this level of detail, making this a watershed survey which we hope will be replicated, in full or in part, in the future.

This research introduces many organizations and individuals in the region to the value of framing what they do in terms of the Social Economy. We anticipate that the members of the team, and other stakeholders from the social economy in Atlantic Canada, will gain from their direct and indirect involvement in the research – gains including a more comprehensive understanding of their sector and their place in it. This may result in a strengthened ability to mobilize and to impact both their communities and the policy framework within which they operate. Governments, too, will benefit from being able to conduct policy consultations and develop policies informed by these data.

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