

A diagnostic tool for worker co-operatives

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Motivation and background

- Within the SE project we recognized a need to devise evaluation tools specifically for cooperative firms
- Cooperatives have unique characteristics; ICA statement of coop identity; principles and values
- We organized a workshop in May to address this issue.
- Focus on worker cooperatives since employee and member participation are elements of the difference we want to capture



The purpose of the workshop

- To identify what constitutes co-op identity and what is the source of the co-operative difference
 - Value-based
 - Democratic
 - Guided by the principles
 - Participatory ...

Co-op issues

- Co-operative firms recognize the ICA co-op values and principles, but...
 - They need not adhere to those principles
 - Managers often not trained to include co-op principles in the decisions they make
 - Increased recognition that good governance includes members' opinions and initiatives- perceptions matter, especially when we think of participation
 - Increased recognition that co-ops can have an advantage over the competition (fair trade; CSR, etc)



The purpose of the workshop

- To create a diagnostic tool which will
 - build on the existing literature and tools for co-ops, and
 - help co-ops measure the *scope of adherence* to principles and values
 - help build and maintain the co-op identity as a *strategy* of co-operative firms
 - help co-ops measure their *success based on their identity* as participatory organizations



Social economy framework

- Worker Co-operatives are grouped with
 - Social economy enterprises and
 - Social economy organizations
 - Reason: social purpose
 - Issue: a. social component is integral to co-ops, but that need not be their mission;
b. social economy organizations need not be democratically governed, nor participatory, even though they have a social mission



Non-profit framework

- Co-operatives are grouped with
 - Not for profit organizations and firms
 - Issue: coops are often for profit firms, even though profit is not their purpose

The ownership framework

- Worker Co-operatives are grouped with
 - Employee owned (participatory) firms
 - Reason: capital owned by labour
 - Issue: co-ops are more than that. Capital ownership and return on capital is not the motivating factor in co-ops.
 - Participation has different meanings – financial participation vs participatory management and decisionmaking



Cognitive aspects of participation

- Cooperatives are based on the principles of democracy and participation
- People's understanding of these terms may differ, based on their backgrounds, roles, and expectations
- We explore the use of cognitive techniques in developing the co-op diagnostic tool



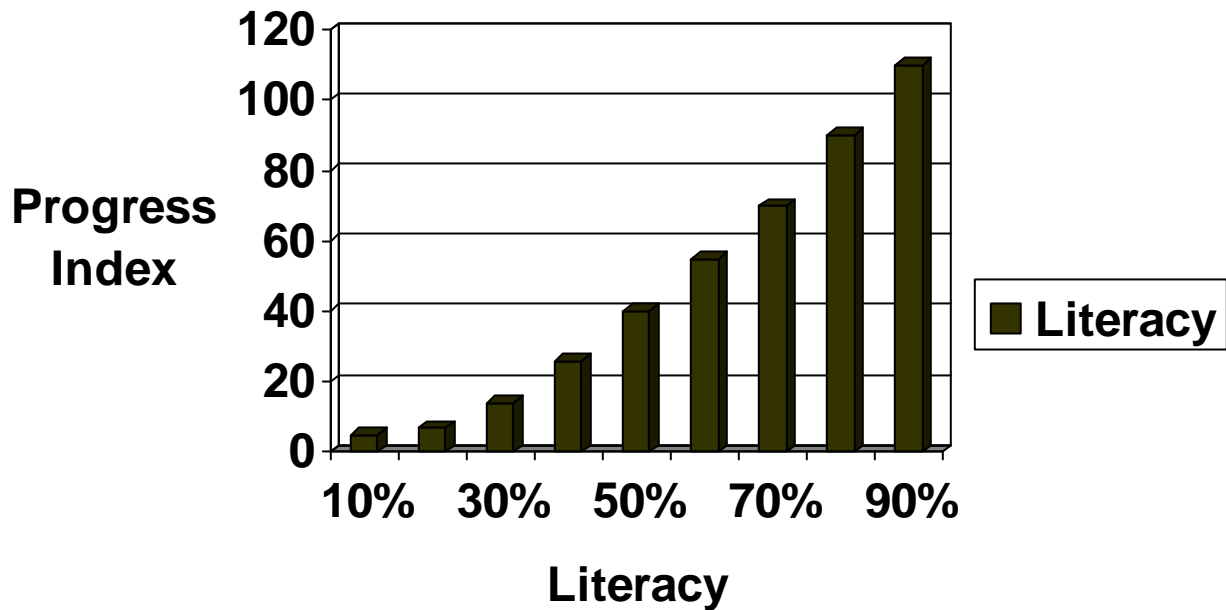
“Cognitive Theory of Economic Development.”

Polish Economist Kwiatkowski (1888-1974)

“Political and economic development and progress is a quantitative function of ... the relationship between the number of people who understand the assumptions, goals and methods, ... and the number of people who are driven by ad hoc or thoughtless reflexes in a given society.”

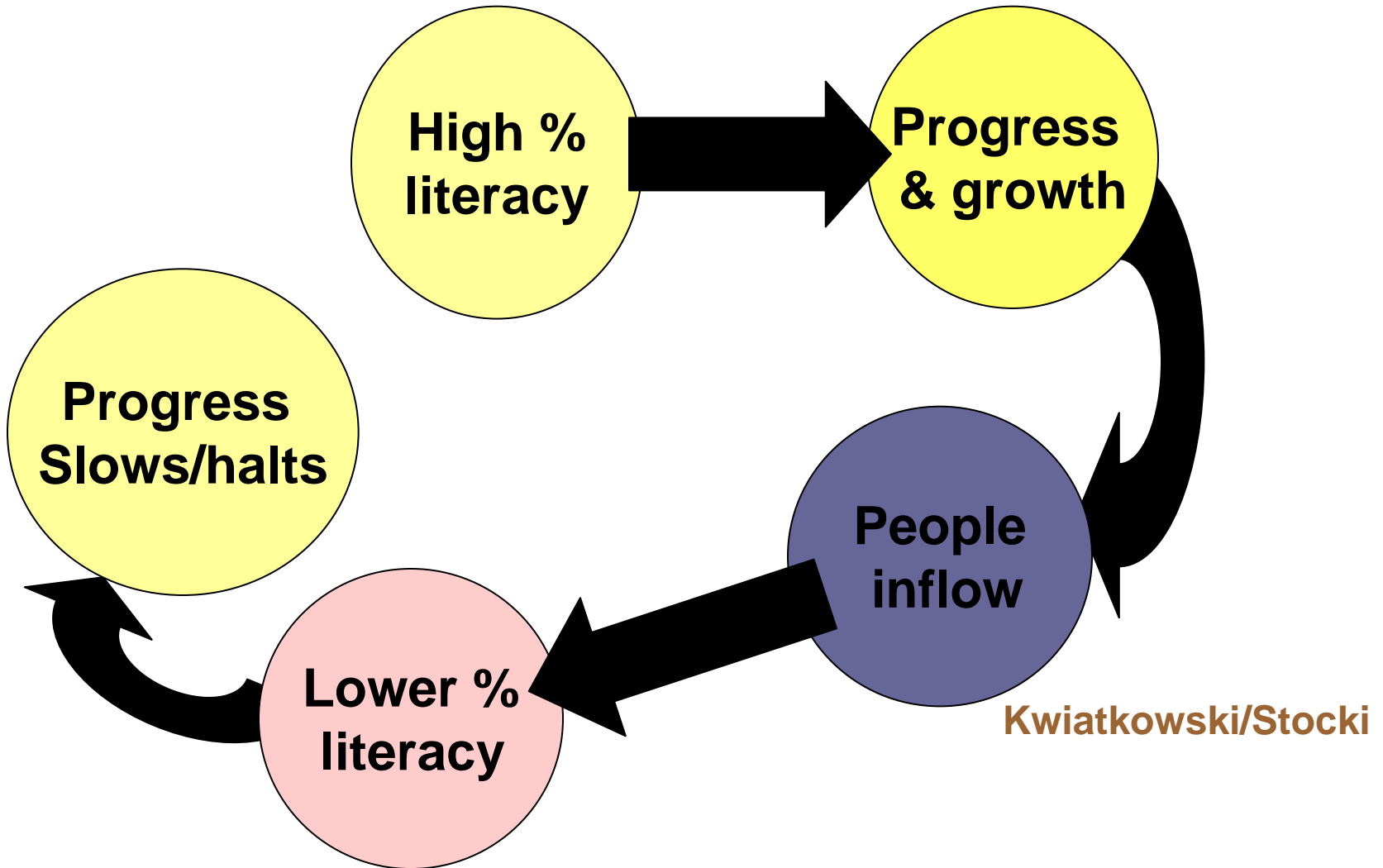
Source: Ryszard Stocki

"Literacy and Progress"



Source: Ryzard Stocki

Kwiatkowski



Participation and co-op principles and values

- Stocki's "total participation" concept translates in co-op terms to the full adherence to P&Vs in all aspects of co-operative operations and life
- Co-ops should "ideally" be applying P&Vs to relations with all stakeholders, relations with a wider community, their product line, etc.
- This is easier to see in worker cooperatives, since in other types of cooperatives employees may more readily be treated as *human capital*, rather than as *persons*.

Example-democracy

- Democratic governance and management is the key principle of co-operation
- Democracy tends to be “measured” by indicators, such as
 - Number of meetings
 - Percent of members attending meetings
 - Number of member consultations
 - Percent of members required to call special meetings
 - Board member rotation (present/not present)
 - Board member attendance
 - Response rate on questionnaires; other feedback..

Democracy

- In surveys, questions about democracy vary, based on the assumptions about what constitutes democracy
- Examples are questions like the following:
 - “Are strategic issues discussed with members?”
 - “Are decisions made with member interest in mind?”
 - “To what extent do co-op leaders listen to the base?”

Democracy....

- WorldBlu bases its questionnaire about democratic workplaces on 10 principles of organizational democracy
- They explore three levels-individual, leadership, and systems and processes
- One principle, for example, is decentralization. Questions are:
 - I am encouraged to take risks regardless of my title
 - I am encouraged to try new ideas regardless of my rank
 - Leaders share rather than hoard their power
 - Systems and processes are in place that keep bureaucracy and hierarchy to a minimum



Stocki et al Open Index

- If you had to would you be able to pass on important information to the CEO within a day's time?
- Are employees and members engaged in strategic planning?
- Do you have full access to all relevant information about your co-op?
- Do you have influence on how particular tasks are performed in the co-op?
- Is the future of the co-op a topic for discussion by the management and the employees?
- Can employees make important decisions without consulting first with their supervisor?
- Do you have the opportunity to decide which tasks you will perform?



Potential impact of the tool

- Further efforts to understand, communicate and promote the co-operative difference
- Focus the co-op strategy
- Link different levels of participation to co-op's success
- Co-ops as value-based organizations may serve as a benchmark to other SE organizations with similar values - this tool may be transferable to other organizations

Participants

- Nancy Blezy –Careforce health services
- John Chamard- SMU, MMCCU
- Peter Hough- Canadian Worker Co-operative Federation
- Elijah Lederman- Planet Bean coffee
- John Maddocks- Center of excellence in accounting and reporting for co-ops, CEARC
- John McNamara- Union Cab of Maddison co-op
- Debbie Moore- JustUs coffee
- Sonja Novkovic – SMU, MMCCU
- Gerard Perron – Quebec- co-op consultant
- Ryszard Stocki – Jagiellonian University, Cracow (Poland)
- Eric Tusz-King - EnerGreen builders Co-op
- Tom Webb- CMEC, MMCCU