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International Journal of
**CO-OPERATIVE ACCOUNTING
& MANAGEMENT (IJCAM)**

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Letter from the Editors

WE ARE PLEASED to publish our third issue of IJCAM for 2020. The previous two issues were based on special topics – Co-operative Research and Education Programs at Canadian Universities in February and Social and Environmental Reporting of Co-operatives in October. The current issue includes five papers and a book review on a wide array of management topics. Reflecting the global mandate of IJCAM, this issue’s authors include those from Canada, Nigeria, New Zealand, England and Germany.

In the first paper of this issue, Esther Awotwe (University of Saskatchewan), Simon Berge (University of Winnipeg) and Peter Davis (University of Leicester School of Business) explore stakeholder management in a multi-stakeholder co-operative firm, focusing on the role of the Democratic Member Control principle and operational interactions in finding common ground among stakeholders. This is followed by an in-depth examination by Caroline Shenaz Hossein (York University) of the contributions of the African Diaspora and their location in the Canadian co-operative sector. The third paper is an analysis of entrepreneurial performance of multi-purpose co-operative societies in Abi Local Government Area of Cross River State, Nigeria by Egor Hikorofem Ise (Federal Co-operative

College), Chilokwu Okechukwu (Nnamdi Azikiwe University), and Owan Obodagu Tonica (Federal Co-operative College). The next paper is written by three authors (Meka Dhananjay Apparao, Nicola Mary Shadbolt, and Elena Garnevska) who are all from the School of Agriculture and Environment, Massey University. Their paper focuses on heterogeneity and commitment to collective action based on an empirical study of a New Zealand dairy co-operative. The fifth paper was authored by Linda Bitsch and Jon H. Hanf, Geisenheim University. They explore how differential member demands may lead to tensions within a cooperative. Finally, the issue concludes with a book review by Peter Davis of a book published by Jim Jones, *Hasten Slowly, and You Will Soon Arrive: The Mysterious Presence of Group Equity Housing Co-operatives*.

If you have a paper for the Winter 2021 edition, please submit by January 31, 2021. Papers related to management topics should be submitted to Peter Davis: pd8@leicester.ac.uk and those focusing on accounting and reporting should be submitted to Daphne Rixon: daphne.rixon@smu.ca.

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Do We Need a New Direction for Managing a Multi-Stakeholder Co-operative? A Critical and Theoretical Reflection on Why Aspirations Sometimes Fail

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Abstract: Central to this paper is a case study examining stakeholder management in a multi-stakeholder co-operative firm from Ontario, Canada focused on the role of the Democratic Member Control principle and operational interactions in finding common ground among stakeholders. The actor's aspiration in the case study is for economic democracy and social inclusion and the development of a local sustainable economy providing food security for all. The authors' first claim is that this case study, whilst a modest one in itself, is representative of many small bottom-up initiatives taken by people anxious to make a difference in their communities informed by co-operative values and principles. Although there have been notable success stories such as the ones in Mondragon Spain and Kobe Co-op in Japan, even these examples have met with challenges and questions of long-term viability in the context of globalisation (Basterretxea, I., et al., 2020).

The case study results indicate that: a) stakeholder relations via operational interactions need to place greater emphasis on market and other factors emerging in the business environment when identifying stakeholder's needs, and b) while necessary, the reliance placed on incorporating the Democratic Member Control principle within the firm's governance is not enough to ensure business growth and development. Our paper proposes an operational network based model of business development that draws heavily on the ideas of John Burgoyne's distinctive model of a Learning Organisation. Thus, we suggest the co-operative requires an approach that draws more on a co-operative value-based use of management tools, particularly marketing and consumer surveys, to gather essential market information in its operational interactions with stakeholders.

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Keywords: Co-operative Business Development, Co-operative Social Capital Management, Governance, Learning Organisation, Networks, Stakeholder Engagement.

Introduction

Donaldson and Preston (1995) suggest there is a lack of evidence linking instrumental stakeholder theory to achievement of business objectives. The case study presented in this paper confirms that this connection remains problematic even where the business model is a co-operative one. Davis (2001) suggests one of the advantages of a co-operative organization is that stakeholder conflicts are less acute than in their for-profit counterparts. He accepts co-operatives must generate a surplus to meet the firm's depreciation and development costs like all other firms, but they do not have to focus on paying dividends on shares to appease a shareholder group.

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Ackoff (1981) suggested a multi-stakeholder organization focuses on serving the interests of the component parts of the organization. This concept overlooks that in a market-governed business key stakeholders are interacting within competitive market exchanges. Davis (2004) suggested extending co-operative business strategy to incorporate the *members' association* linked with community activism informed by the philosophies of Intellectual Capital Management (Edvinsson, Leif and Malone, Michael, S.1997) and Learning Organisations (Burgoyne, 1995). This model suggests a process and methodology for mobilising local tacit knowledge transfer to the co-operative business from within its markets and community generating new co-operatives responding to community needs (Nonaka and Takeuchi, 1995).

S. Sacchetti and Tortia (2008) suggest the nature of multi-stakeholder co-operative needs to be considered from the viewpoint of a network of co-interested and co-motivated actors. This concept of a networked group of actors is further strengthened by the social ties that the networked actors have with each other (Granovetter, 1983). These ties are constantly evolving, building on interconnections as well as connections external to the organization (S. Sacchetti, Tortia, & Tortia, 2016). It is the management of these changing interconnections that make the multi-stakeholder organizational model uniquely suited to stakeholder management theory (Sacchetti & Torita, 2014). Our case study suggests these networks should be providing the very outcomes Davis' (2004) model aspired to but are theoretically misplaced within internal organisational frameworks.

Co-operative businesses operate in a market framework (Davis, 1999) in which the actual inclusionary practices resulting in the 'reciprocating behaviours and common social goals' (Ben-Ner & Putterman, 1999; S. Sacchetti & Sugden, 2003; Sacconi, 2011) are actually found rather than in governance processes. The acceptance of the mission, vision and principles of the multi-stakeholder co-operative must be implemented and understood in response to a network arising in the co-operative marketplace, its competitors, customers and suppliers. Our paper will propose that applications of co-operative value based management to realise co-operative multi-stakeholder goals can best be achieved utilising John Burgoyne's model of a Learning Organisation (Burgoyne 1995) but with two important caveats. First, the model must be modified to fit the co-operative not the other way around and, secondly, it must be recognized that Burgoyne's model is not enough. All co-operatives must not simply listen and reflect on what is coming in, as for small co-operatives, as in the case study, the boundaries will be too narrow a source of data. Co-operatives must make it a central part of listening that they reach out to gather information not just from supporters but from a wide spectrum of potential customers and members and always check out their competition.

Burgoyne's model provides the informational content and networked communications, blending the tacit knowledge of informal market processes with the formal operational structure's explicit formal knowledge (Nonaka and Takeuchi, 1995) to create a co-operative business information and business relationship management model based on communicative rationality, trust and reciprocity grounded in stakeholder needs as argued for by S. Sacchetti & Sugden (2003) and Zamagni (2012). Co-operative purpose is protected and the co-operative business embedded in its community through member engagement as advocated in Davis' (2004) Social Capital Management framework grounded in co-operative ownership and values.

The focus on individual stakeholders as a component of the firm's governance in co-operatives, as in the mainstream, is generally seen through a Kantian lens:

This means each stakeholder group has a right to be treated as an end in itself, and not as means to some other end, and therefore must participate in determining the future direction of the firm in which [it has] a stake (Evan & Freeman, 1988, p. 97 emphasis not in original).

This Kantian approach emphasising governance *rights* is correct in principle as far as governance goes but cannot be the basis of operations that must be driven by market requirements not institutional ones. Operational strategies and processes exist to implement organisational mission, vision and policy. Operational strategies must use and be led by their own networked and market-based information flows to manage the mission, vision and policy development. It's not a case of either / or but the relative requirements of both.

Turnbull (1997, p. 19) focuses on some possible reasons stakeholder relationships are neglected, or prove difficult, within co-operative firms including: a) the cultural hegemony of competitive values, which inhibits those with co-

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operative values from promoting participation outside a business in case they are seen to have questionable business acumen; b) industry and legal concerns in establishing formal relationships with customers and suppliers, and c) lack of experience and knowledge of how to structure value adding relationships with external stakeholders. The historical approach of stakeholder relationship management presented by Evan and Freeman (1988) is reiterated in Turnbull's (1997) view that there exists a competitive value system within relationships in which individual stakeholder groups vie for control over the firm's outcomes undermining co-operative values.

Davis (2018a), however, argued that it's not a question of eliminating conflict in a co-operative context but of establishing the management and leadership culture and institutional framework for just conflict resolution that co-operative values, vision and ownership enable.

Turnbull's (1997) final point of lack of experience in managing organizational structures that take into account multi-stakeholder relations may be on point as the formal constitution of multi-stakeholder co-operatives are a relatively new organizational structure in Canada. The majority of multi-stakeholder, or solidarity, co-operatives found in the Province of Quebec are all relatively new (Lund, 2011). However, this concentration on the legalistic and formal misses the point. The co-operative's business viability depends at least as much on the quality of its external market relationships.

Davis (1999), drawing on the UK Co-operative Bank success during Terry Thomas' leadership, pointed out that marketing tools directed at the mass customer or membership base, when informed by co-operative values are critically important and effective not simply for customer relationship management but for organisational governance itself. Again, it's not a question of either / or; both internal and external relationships are important but co-operative academic and management literature on governance focuses much too much on the former. What this literature ignores is that *co-operative values were designed to operate in the marketplace and that co-operative ownership and values should in theory make co-operatives better able to respond to that market than capitalist businesses* (Davis 1999).

This is not happening, however, because co-operative institutional frameworks, critical for managing the *outcomes* of market relationships, are not appropriate for the processes of managing the market relationships themselves. Many co-operators become anxious that co-operative values being so different in principle to the values of capitalist firms will be undermined by market forces. But in Burgoyne's version of a Learning Organisation, market and other environmental intelligence is used to support strategies that remain focused on first principles and core values. Burgoyne insists,

Higher levels of learning are, after all, more about finding ways of changing the world and the interaction with it to maintain core values rather than to being swept along, if one is lucky and skilful, by adapting to externally driven change. (Burgoyne, J. 1995, p. 23)

Co-operators must first learn to listen and understand where community is in order to begin the process of transformation to a better more sustainable, just and democratic one.

It's also a mistake to ignore the importance of professional leadership as an important factor in co-operatives' organizational efficiency and membership engagement. The most successful credit unions and co-operatives – successful, that is, both as co-operatives and as financial services or agricultural service providers – are ones with active value based professional managers committed to co-operative values. Tragedies like the privatization of the Canadian Wheatpool and the Bankrupting of the UK Cooperative Bank were the result of co-operatives succumbing to a culture of 'MBA managerialism' rather than nurturing a co-operative value based management grounded in an ethical agency contract (Neto, S. B., 2012 and Davis P 2018b). The record shows that democratic governance procedures in themselves are no guarantee against this threat particularly in large co-operatives (Davis, 2014).

The tension identified across the history of working class organizations between an incompetent and inactive membership and a skilled leadership (Michels, R. 1911) has often, in a co-operative context, been presented as a justification for direct worker collective control, but this is a mistake at two levels. First, such collectives can never become big enough for the scale of economic intervention to be more than marginal in terms of transforming

economic relationships. Second, the collective consensus model is no guarantee of democratic process dependent as it is on the social psychology and group dynamics of its members. Such 'self-governing collectives' can easily end up an informal patriarchy or matriarchy. It's never a question of whether there is leadership in human groups and organizations. Rather it is whether leadership is accountable servant leadership (Davis, P. 1999, p. 22) or leadership that can hide behind the collective or the elected board, remaining unaccountable for its strategic choices or the policies that it has imposed by stealth, weight of personality or better access to information. These problems for co-operatives exist whether they have a formal multi-stakeholder representation, a worker collective or the more standard civil service model of governance. The case study is interesting both for the claims it makes to be a multi-stakeholder co-operative and for claims about the superiority and effectiveness of this model of governance. However, managerialism as a subversion of co-operative purpose was clearly not a problem in this case study. But if we want to measure the effectiveness of governance in the case study, we need to be clear as to how co-operative purpose is to be defined both as presented in the specifics of the case and in general.

What is the co-operative purpose?

Lund (2011) argues that in Europe and Canada, multi-stakeholder co-operatives are typically formed to pursue primarily social objectives. This is inaccurate at a number of levels. First, and most obvious, *all* co-operatives are multi-stakeholder if they remain true to the values of inclusivity and community. There are lifestyle co-operatives whose principal focus is on how small groups can live and work in a sustainable and fraternal fashion on the basis of consensus decision making. Such groups are as valid as any other co-operative endeavor *but not more so*. Individual visionary leaders concerned with economic justice not personal gain populate the history of co-operation in Canada and across the world. Often, but not always, such charismatic figures are great founding idealists. Research (Fairbairn, MacPherson, & Russell, 2000) illustrates the economic and social goals behind these leadership visions of socially and community-grounded economic organisations. The original co-operatives in Quebec utilized a credit union business model to help local farmers gain access to credit and avoid usury fees from the standard banking models of the time. The development of the Caisse Populaire provided an economic benefit to local farmers at the expense of conventional corporate measures such as excessive profit and growth.

Prairie farmers had been locked into a monoculture, staple production system that squeezed grain producers to the point of subsistence living. Agricultural marketing agencies, farm supply co-operatives, and eventually the wheat pools, would offer more economically just outcomes through democratic ownership not to destroy the market system but to give farmers better leverage and access in the market system (Brym & Sacouman, 1979; MacPherson, 1979).

Many contemporary co-operative initiatives may well be the outcome of the remaining influence and idealism of George Keen, one of the leading builders of the co-operative movement in Canada, whose consumer theory of co-operation de-emphasized the over production of goods through economies of scale which Keen believed brought about inflated prices, conspicuous consumption, misleading advertising, exploitative practices and class warfare. Keen advocated controlling the resources of a community through a democratic, co-operative model negating mass production and re-focusing production to community or stakeholder needs (Keen, 1949).

The Rochdale Pioneers as early as 1844 envisioned long-term goals for establishing co-operative communities (Gide, 1922) which remain valid today. However such visions remain unrealised because co-operatives have either: a) operated in a market successfully and then forgotten why they were formed; or else b) have tried prematurely to establish an alternative model *alongside* the marketplace in the context of a capitalist structure bigger and better resourced and crucially *better at communicating in the marketplace*.

Looking specifically at development of co-operatives in the Province of Quebec, we can see the strong link to the Catholic Clergy within the Caisse Populaire, reinforcing the close-knit identity of the French Catholic communities in small towns and rural areas (Rudin, 1990). According to Ian Macpherson (1979), the idea of helping French Catholic communities did not even originate from the community at large, but from the elite within the community. Macpherson outlined how Caissees Populaires were run by lawyers, bankers and businessmen. These groups were founded and led by men and women motivated by the ideals of Catholic Social Doctrine, which since the latter part of the 19th century have supported co-operative and trade union development globally as appropriate tools for

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improving economic justice. The fact that the leadership of financial service co-operatives was in the hands of professional and educated people was only prudent and also a fundamental principle of organisation in the Raiffeissen Credit Union Movement in Europe. Left to their own devices, the poor fell as easy prey to unscrupulous usurers, often losing what little property they had (F.W. Raiffeisen, 1818 -1888, p. 4).

In fact, developing the professional skills of board members has always been a key concern of all co-operative Human Resource Development (HRD) programmes. We shall argue in our penultimate section that Burgoyne's version of a Learning Organisation with its focus on environmental data, particularly market data, inflows does not obviate the need for professional management or democratic governance in co-operatives, but ensures that both receive a 'bottom up' continuous feed of market information as it evolves on the ground day to day. As our earlier quote from Burgoyne makes clear, his model is far from being seen as merely reactive to 'blind' market forces.

Firstly, a co-operative that is true to their principles (Mercer, T.W. 1931 and Watkins, W. P. 1986) responds to market forces to deliver services needed by the members. Secondly, as far as circumstances permit, the co-operative steers toward the long-term vision of co-operatives to permanently transform the economic relationships that left small farmers, workers and all poor consumers in disadvantaged dependent and marginalised conditions. Thirdly, co-operatives aim to raise the levels of fraternity, solidarity and inclusivity in terms of educational and cultural activities to ensure members have the personal and spiritual resources for their personal growth and to support the growth of their community and society. Of these strands of activity the fact that most co-operatives rarely get beyond the first and hardly ever consider the second is largely due to their neglect of the third (Goedhart, G.J.D.C, 1928 (President ICA 1926-1927)).

The Case Study: Research Design and Methods

The multi-stakeholder co-operative was part of the *On Co-op* database of Ontario co-operatives. *On Co-op* is the trade association responsible for advocating on behalf of co-operatives across the province representing 1300 co-operatives registered in Ontario (*On Co-op*, 2013). The co-operative in this study represents a multi-stakeholder, not-for-profit co-operative located in a lower-income neighborhood of a large urban centre in the Golden Horseshoe region of Ontario. The co-operative maintains categories of consumers including eaters (urbanites that seek out local food or quality food products - as defined by the co-operative manager), producers, workers, and community partners.

Over 5 years in operation (2008 -2013), the co-operative became an established retailer promoting food security initiatives including a Farmers' Market, Community Cannery, Community Shared Orchard, Food Mapping Project, and a Retail Store. These initiatives provided a revenue stream for the co-operative of just over \$50,000 a year in gross sales revenue with a membership of 600 in 2013.

The co-operative's operations help the stakeholders to determine the direction and allocation of food resources within their community. The not-for profit co-operative focuses on creating local food security while providing employment with a liveable wage model providing kitchen employees with wages between \$12-13/hour (Ontario, Canada's minimum wage was \$11.25/hour in 2015). In addition, the co-operative operates a Co-op Cred program, which provides supportive employment opportunities in exchange for credit to purchase healthy groceries provided by community producer members.

The research into the multi-stakeholder co-operative included an examination of the historical records kept by the co-operative as well as a web search for all relevant information pertaining to the organization. The co-operative mission statement identifies its goals: to create a fair, democratic, and meaningful workplace for its workers, as well as an inspiring, community-driven, and welcoming place to shop, learn, and connect consumers within the community. The co-operative sees itself as a resource and partner working with community groups to improve food security and access to good, healthy, real food in their neighbourhood. The co-operative aims to provide the means for people to make empowering food choices and to provide access to fresh, healthy foods for all (*On Coop*, Mission Statement, 2014).

The manager was chosen to be the subject of the interview as the manager represents an intermediary between the co-operative board of directors, members and the community stakeholders at large. Managers also have detailed knowledge of the day-to-day operations of the co-operative, which they can call upon during the interview questions.

The semi-structured interview was conducted in a one-on-one setting with the manager. A single interviewer conducted all the interviews. A semi-structured approach was taken to allow the manager to provide additional detail on aspects of the co-operative's operations, and to communicate on any topic on the co-operative business and any additional contextual information that would help our understanding of the co-operative.

The manager of the multi-stakeholder co-operative was interviewed variously between 2013 -2018. The interviews were conducted at the co-operative in a face-to-face interview format. All responses from the interviewee were recorded electronically to ensure accurate capture of responses. One researcher was tasked with collecting the interviews and a second with transcription and analysis of the responses. Responses were also time stamped.

The research was the tenth case in a series of case studies into local food co-operatives in Ontario. The results of the first nine have already been published (Berge et al., 2016) in a range of field studies, which may continue when resources are available. The programme has been conducted utilizing the overall approach found in the Glaser and Strauss (1967) method of four stages of analysis:

1. Comparison of responses to each category.
2. Integrating categories and their associated properties.
3. Delimiting the theory.
4. Writing the theory.

In line with Dye et al. (2000), this initial identification of categories was based on the responses and underwent continuous refinement throughout the data analysis process and continually fed back into identification of the categories. By a process of coding and categorizing responses, we were able to reduce the complexity of the overall responses and organize the responses based on the conceptual nature of the response (Dey, 1993).

The inductive analysis enabled patterns, themes and categories to emerge from the data (Patton, 1990). By coding each response into categories, each statement within a category could be compared for similarities or differences (Dye et al., 2000).

The manager of the multi-stakeholder co-operative was asked questions during the interviews including three themes: Community; Governance; and Co-operative Principles.

The Case Study: Results

1. Community

Membership and boundaries

The purpose of the community section of questions was to help determine what the co-operative manager considered their community to be. Determining how the multi-stakeholder co-operative and the manager interact within the community further determines the scope of the co-operative's community.

The manager referred to the broader socioeconomic community surrounding the co-operative and not just the co-operative members. "Our community is very socioeconomically diverse and we are trying to respond to that and that is shown in our community partners. We also have producer members and our consumer/eater members are a huge spectrum within that."

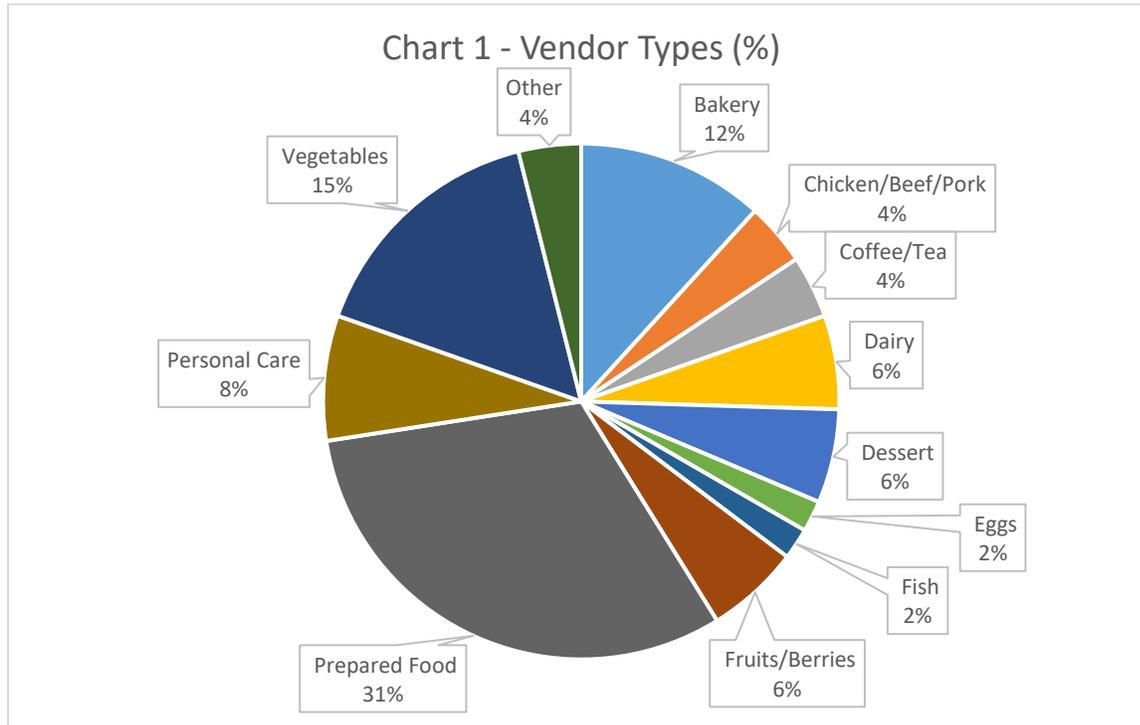
Suppliers and their produce

For the producer member to be considered local they must operate within a 100 km radius of the multi-stakeholder co-operative. To be considered a family run business the producer member must have indicated within their marketing materials that the organization is a family business or family run. In addition, the members of the board

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of directors or management team of the business must be related. Having examined the 51 producer members that this multi-stakeholder maintains within its supply chain, 23 were considered family run, representing 45% of the producer membership.

The producer membership represents a wide variety of suppliers to meet the needs of the consumer membership (see Chart 1 – Vendor Types (%)). The data is presented in percentage format as some producer members provide more than one produce type to the multi-stakeholder co-operative.



The Community for Consumer Members

The Census District in which the multi-stakeholder is located has a population of 108,805 with a mean age of 40.0 and a median of 38.8 (Statistics Canada, 2018). The neighbourhood profile, which provides a narrower focus on the area where the multi-stakeholder co-operative operates, has a population of 14,974 with a significant working age population (25 – 64 years) of 9,610 or 64.1% of the area's population (Social Policy Analysis and Research, 2017). This working population garners a median family income of \$96,956 (CND). *The range in the family income for the community residents put 13% or 1,940 members under the low income measure (LIM after tax) (Social Policy Analysis and Research, 2017).* The LIM after-tax income thresholds for Toronto, Ontario for 1 person is \$22,133 and for a family of 4 is \$44,266 (Social Policy Analysis and Research, 2017). The fact that this population has a significant number of households living below the LIM (after tax) is partly due to the unemployment rate of 6.7% as of 2016, which is better than the City of Toronto unemployment rate of 8.2% (Social Policy Analysis and Research, 2017).

Worker members

We also have worker members that are part of our community.

The need to hire from the local community-base was deemed important to the co-operative's mission to create employment opportunities:

Hiring and volunteer recruitment around diversity and representation of diversity of the community.

Partner organizations

The final group outlined by the manager as part of the community involved partnering organizations. These organizations included the local recreation and health centre, which worked with the multi-stakeholder co-operative to provide co-op credit as part of the Co-op Credit program that could be redeemed at the co-operative for members that lacked the financial means to purchase food products.

Volunteers

(Volunteers are not a recognised co-operative stakeholder for governance purposes, but are clearly a recognised community stakeholder)

Community consumer members could work in certain positions within the co-operative and its partners may be paid in co-op credits, which would be used to purchase groceries. The co-op credit program provided supportive employment opportunities allowing unemployed members to participate in the local economy.

Socio-economic change

Over the last census data collections of 2011 and 2016, the neighbourhood unemployment rate has increased slightly from 6.0% in 2011 to 6.7% in 2016; however, this increase is offset by the increased participation rate from 66% in 2011 to 71.7% in 2016 (Social Policy Analysis and Research, 2011, 2017). The increased participation rate indicates a growing job market within the neighbourhood. In fact, since 2011, the neighbourhood has undergone a gentrification process that has changed the profile of the original consumer membership of the multi-stakeholder co-operative. The wages provided by the co-operative of \$12-13 (CND)/hour made it difficult for community residents to maintain a home in the neighbourhood. In fact, the gentrification process has led to the closure of the non-profit multi-stakeholder co-operative's retail location as of 2018 due to the increased rental rates.

Lack of synergy between poor members' income and supplier costs and the need for volume

Co-operatives focus on their members' needs as the mandate for their organization. Producer or consumer co-operatives focus on cost reduction through increasing purchasing power of the member group they are associated with. The manager suggested the inclusion of community members that have limited means to access the food system was causing conflict as their producer members, i.e. vendors, produce high end products for the gentrified market.

If you think about it, some of our vendors are people that sell at high-end stores or produce much sought after food items, but we are working with people that are having issues around food access.

But there is more than mere access at stake here for the co-operative:

We help to figure out how to have good food accessible to people. Not just subsistence living.

Location

The multi-stakeholder co-operative purposefully began operations in a marginalized and ill served community within the larger metropolitan centre and as a result the location is considered as partly defining the co-operative community members.

It is a broad community and I think what I would say is that some of that is a result of where we are.

As a result of the increased rental rates the multi-stakeholder co-operative closed its retail and community kitchen location as of July 31, 2018. The co-operative did, however, continue operations through their farmers' market in an attempt to maintain stakeholder relations as the manager believed that the multi-stakeholder co-operative was about operational relations on a direct contact level with membership:

We are about relationships and about having direct links or connections to those stakeholders.

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The role the co-operative plays within its community

Specific mention was made of the role of the co-operative as a bridge between socioeconomic groups.

Our role is figuring out our position in the community. To be relevant to people in the community. Bridge the gap between socioeconomic groups.

The co-operative was considered a location where community members could interact through operational activities providing an opportunity to contribute to the community in general.

"We have an open space. We are a place where people can connect with their neighbours."

"You can have a business and it's a grocery store and I can contribute to it"

"People come to the co-op and get to know people and feel like they are contributing to the community."

"Role is to inspire action in the community, e.g. develop a community garden."

It was good, the manager felt, that consumer members connect to the producer members:

I am really glad you have a relationship with the people you are buying the food from. I want to know exactly who you are getting this from.

To address the need for information requested by the Consumer Members, the manager indicated that the co-operative was working on profiles of the Producer Members.

We are working on profiles for our farmers. - Inform the community, i.e. other stakeholders.

Co-operative interaction with the community

The responses to the question on community interaction were varied including comments on the role of the co-operative as an economic driver within the community and the interaction between different stakeholder groups.

Economic catalyst

The manager stated that the co-operative represents an economic catalyst at the local level through their purchasing decisions:

We are an economic catalyst by purchasing through small producers.

Operational relationships

The interaction with the Producer stakeholder group revolved around the operations of the co-operative and occurred through direct interaction with management and staff.

Table1. Interactions with Producer Stakeholders

Vendors by category	Interactions
Bakery	Daily
Chicken	Daily
Dairy	Daily
Fish	Daily
Vegetables	Daily
Vegetarian	Daily
Fruits/Berries	Bi-weekly
Personal Care	Monthly
Tea	Monthly
Other	Monthly
Coffee	Weekly
Dessert	Weekly
Eggs	Weekly
Prepared Food	Weekly
Sauces/Dressing	Weekly

In fact, during one interview, Producer stakeholders from the bakery category interrupted the interview to discuss the delivery with the manager and future plans for production. This particular Producer delivered all their goods on a daily basis to the multi-stakeholder co-operative via bicycle. Interaction with the Producer stakeholders was further clarified as the co-operative manager indicated that there was a requirement to treat primary producers differently than local value added producers in terms of their economic responsibilities within the co-operative community.

Shared Spaces

The multi-stakeholder co-operative provides many outlets for the community and the various stakeholders to interact through their operations including a community shared orchard, a community kitchen, and community shared garden.

We are trying to figure out the renting. We are probably going to have two tiers of farmer producers that are producer members that get a certain rate and then a local person wanting to run a business gets a higher rate.

The activities outlined by the co-operative manager during the interview process were compared to the co-operative’s documentation on standard operating procedures, mission statement and websites to ensure the validity of the interpretation of the programs by the manager.

Common Activities

The activities outlined by the manager include interactions between stakeholder groups such as seasonal planning activities between Producer and Consumer Members.

“Producer Membership – planning a growing season with set prices.”

“Communicate with Eater Members that these are the farmers we (the co-operative) are working with, this is the product and how they grow it and we can have a secure supply.”

From the communications with, and between, the various stakeholder members the co-operative developed activities within the community kitchen to assist in the use of the Producer Members products. These communications were not part of the overall governance of the co-operative, but part of the operational relationships developed by the manager and staff of the co-operative with the various stakeholder groups.

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When the manager is referring to planning a growing season or securing a supply, he is not referring to formal policy setting by the co-operative, but informal communication between management and stakeholder groups via operational interactions. As a result of these operational interactions, programs were developed to address changing stakeholder needs. For example:

Community canning project was in response to a bumper year for farmers, providing an outlet for their products.

In addition to the interactions outlined between producer and consumer members via management within the multi-stakeholder co-operative, the manager highlighted the co-op credit program with their recreation and health centre partners. The manager also indicated that there was a need to expand the credit co-op program.

Conflict between social goals and economic costs

At times the multi-stakeholder co-operative enacted programs or services that would not be considered sound business decisions. The manager indicated that community impact represented an overriding focus to decisions before strict profit maximization.

Some decisions taken are sometimes not considered as financially viable but, as a result of compromises, they always look at the bigger picture of having a greater impact on the community.

The final point when speaking to community outlined the need for the larger co-operative community to interact together to provide support to producers, which in turn would provide affordable food to those community members unable to access the food system. The manager ended the discussion on community with a statement indicating their feeling of responsibility to community members in general.

There is the need for co-operatives to share support especially in struggles that they go through. It's really a hard place to be in but there is lots of space for support especially for food co-ops. The reality of people not being able to afford it. Lots of compromise for young farmers as well looking at realistic prices where they can pay their bills. We are constantly compromising. I have sacrificed many, many hours. I feel very much like we are responsible for people.

2. Governance

The role of the Board of Directors in the governance of the multi-stakeholder co-operative

Even though the multi-stakeholder co-operative had been in operation since 2008, at the time of the first interview (2013), the governance structure had not fully been solidified. Notwithstanding, the Board members are key actors with the authority to enact policy and make program decisions.

..... twelve members on the board representing the interest of the subgroups that comprise the co-op. there are Worker members, Producer members and Eater members on the board.

The manager did express this was still a development phase, with the co-operative governing board described as being very young, and needed more interaction by the board at the operational level of the co-operative.

Governance is still in early phase requiring more direct influence by the board of directors on co-operative operations.

Responding to the governance structure the manager indicated that it is an ongoing adaptation to the various needs of the stakeholder groups through representation on the board.

"The governance structure had not been firmed up fully; workers, producers, eaters were adequately represented on the board".

“For worker member stakeholders, the most common and important benefit to them is to be part of the decision-making process.”

“They (the co-operative) have monthly meetings that encourage participation and staff decision making”.

The top 3 governance issues facing the co-operative

The manager felt the top three most pressing governance problems are:

1. Membership definition – what qualifies one to be a member and benefits attached to membership.
2. By-laws – what should be contained in the by-laws of a multi-stakeholder co-operative business?
3. Exclusivity of member services – should the store be patronized by only members.

Lack of a solid governance structure could explain the importance of operational relationships between management and stakeholders in determining the direction of the co-operative. It should be noted, however, that the governance of the co-operative was of sufficient capacity to formalize the mission, vision and values of the co-operative. The strategic planning of the co-operative was managed by the board of directors through the democratic process found in the ICA statement of co-operative principles.

3. The Co-operative Principles

The role of membership in the governance of the multi-stakeholder co-operative

The manager identified the Democratic Member Control principle as the most important co-operative principle.

For me, Democratic Member Control differentiates co-ops from being a non-profit that could do most of what we do. It is why we wanted community stakeholders.

It was also identified as the most difficult principle to implement in the context of a large membership with only 6% of the membership actively participating in the annual general meeting. The manager felt this formal approach to member participation limits participation through defined date, time and location criteria.

In the manager’s view there is far greater participation in the purpose of the multi-stakeholder co-operative through regular operational interactions between the management and membership. It is this operational participation within the co-operative that guides the operations of the co-operative more so than the broader governance policies. It appears that the manager’s daily interactions with the membership are converted into operational criteria/programs, while the board of directors provides guiding policies focused on strategic plans for the co-operative.

“The board plays a very important role. By-law changes are their responsibility. Right now, we are trying to determine what the by-laws should contain. “

“People come to the co-op and get to know people and feel like they are contributing. The spaces the co-operative provides are there to engage the community in the co-operative. The producers use the community kitchen to produce value added products. Our role (meaning management) is figuring out our position in our times to be relevant to people.”

However, these informal opportunities for membership inputs had become very restricted. As of 2018, the only operations currently running through the multi-stakeholder co-operative is the farmers’ market. This operation focuses the co-operative stakeholders’ direct interactions between the producers and consumers as individual transactions. It was not clear how this data was being codified to inform the co-operative on its future direction.

The Case Study: Analysis

What is clear is the dedication of the manager and importance placed on the social relational aspects of the co-operative but even here the economics of food security and food justice for the poor comes across strongly in the interview as a primary goal for the co-operative. Given the small size of the leadership team (manager and board),

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clearly their shared commitment to the ideals of co-operative ownership and governance are key motivators for all the stakeholder group representatives. We might suggest that, on the evidence of the case, if democratic control was the manager's most important co-operative principle, care for the community ran a close second. This multi-stakeholder co-operative's focus on bringing consumer, worker and producer together whilst reaching out to others in the community to build an alternative local economy puts them within that tradition of the North American co-operative vision espoused by Keen (1949).

Given the consumer membership, calculated on the figures provided, of around 600, the co-op's retail market share was potentially around 4% of the total population. With the main focus of the multi-stakeholder co-operative on social justice concerns such as food access, the 4% retail market share was represented by the poorest, most marginalized members of the community. As a result of the profile of the retail market share held by the multi-stakeholder co-operative, the leadership developed food access programs that measured success not in traditional food retail terms, e.g. revenue streams and annual food expenditure. Such traditional measures would show the multi-stakeholder co-operative as clearly underperforming. After 5 years of trading (2013) to have a revenue stream (not surplus) of \$50,000 CDN, meant an average spend per member of just under \$84 CDN per annum (p.a). This measure does not, however, take into account the volunteer food access program provided by the multi-stakeholder co-operative, which provided food for volunteer hours. It is unfortunate that the notoriously low margins on food along with the inclusion of a program providing alternative access to food which did not require the member to open their wallets meant that the co-operative was not able to capture a sufficient percentage of the cash within their members' wallets. As a result, the co-operative presents a poor traditional revenue picture where estimates of their low income members' spending should be over \$22,000 CDN p.a., or a potential annual expenditure on food of around \$3,300 CDN per member (around 15% of total income based on Canadian Food Survey data for low income consumers, 2016). This would represent a conservative estimate, assuming that not all co-op members would be in the LIM income bracket, and that many members would have families with possibly dual incomes. Based on these traditional calculations, had this estimated revenue stream been achieved, it would have produced an annual revenue stream close to \$2m CDN p.a. The multi-stakeholder co-operative in this case study, however, chose to focus on a specific group within the retail market space, the poor. As a result, full advantage was not taken of the potential revenue stream within the market environment.

In the UK, the average shopper purchases around 41 items in their weekly supermarket shop according to Kantar Retail (Guardian, 30.01.2015). Assuming a broadly similar lifestyle in Canada to that of the UK, the Food Co-operative's offering of 12 product lines would suggest that members on whatever income would be hard pressed to find more than 15-18 items per week assuming duplication of some products in the prepared foods line. But given that access to the 15-18 items was given without cash transactions, the co-operative allowed revenues we estimate of around \$1m CDN to be underreported. As a result, the co-operative appears to have badly underperformed based on traditional measures.

Gentrification was probably more of an opportunity than a threat from the standpoint of the local high quality food producers; hence the continued sustainability of the Farmers' Market. A local retailer selling local healthy and sustainable produce at premium prices might have been an attractive prospect if it were not for the focus of the multi-stakeholder on social justice issues over revenues. Clearly such a strategy would have failed to meet the co-operative founders' vision. But it could have provided a viable co-operatively owned and democratically controlled producers co-op retail business, consolidating the local market for its high value added producer members and providing decent employment opportunities for its worker members and sustainable products and healthy products for the *average* consumer in their local community. For the founders, bringing together the whole community, including the marginalized poor, was the objective. But it is an aspiration that has to be realisable and one that clearly creates challenges and requires resourcing. Such a project needs to be part of the medium-term vision. The co-operative did not build on its strengths but instead it tried to start at the beginning with a model that should have been something it was aiming for, incrementally, down the line. Such a strategy would not hurt the LIM community, who now clearly have no store and cannot afford the Farmers' Market. A store with a potential throughput of even \$1m CDN could have provided alternative access to food through innovative programs that did not completely eliminate a revenue stream, e.g. cut prices in the last hour for perishable goods. The store could, via Corporate Social Responsibility programmes, have supported a refuge for the homeless, supported/partnered with other local anti-

poverty and environmentalist NGOs and local health units. Most importantly it could have been an organisation with a mission that now had resources to work out the next steps. This, of course, is speculation. But five facts do stand out from the case study:

- a) The motivation for founding the multi-stakeholder co-operative was to provide for locally based food security, economic democracy and distributive justice grounded in sustainable and healthy production and consumption held together by a profound sense that community solidarity is a critical element in determining human well-being.
- b) After 5 years of trading they had a revenue stream of \$50,000 CDN indicating the average spend per member was less than \$84.00 p.a. as a result of underreporting social spending on alternative access to food for the marginalized population within their community.
- c) Despite their effort and focus on stakeholder relationships and governance, formal participation in this process is recorded to be around 6% of the total membership.
- d) The co-operative was forced to close their retail store. This indicates that, given the low spend per member, although their 51 producer members' informal links were clearly good, only a very narrow band of the consumer members spent cash in the store regularly enough for this informal channel of participation to provide adequate feedback that ideally should have been possible with around 4% of the total population in membership.
- e) It appears that of the original initiatives, i.e., a Retail Shop, Community Canning, Community Shared Orchard and a Farmers' Market, only the initiatives linked to the Farmers' Market were viable. The Community Canning initiative relied on the Retail Shop's infrastructure which could not be sustained due to increased rental costs. The Community Shared Orchard remains linked to the Farmers' Market allowing it to survive gentrification without adaptation of their operations.

So are the co-operative's goals misguided? It is the firm conviction of the authors of this paper that the answer is emphatically no. Climate change increasingly makes sense of greater simplification in consumption and local economic development, particularly in food. The levels of dependency, marginalization, debt and poverty even in developed economies like Canada and the UK coupled to increasing economic polarization adds fuel to the case for a co-operative business model that emphasizes economic democracy, inclusivity, community and distributive justice. So we need to repeat the question put by the former economist and Professor Emeritus at Cornell University, Jaroslav Vanek:

It has always puzzled me how it could have been possible that a productive organization based on co-operation, harmony of interests and brotherhood of men, so appealing and desirable on moral and philosophical grounds could have done so poorly when subjected to a practical test. (Vanek, J, 1975, p. 446)

What might we deduce from these results? That with participation in the governance processes so low, members from all parts of the co-operative supply chain plus their worker members clearly could not be used as the sole sources of information on member needs. Whilst regular informal discussions with suppliers are vital, the conversation has to be informed by customer needs as an immediate priority for informing strategy. But towards what goals and values is the question (Burgoyne, 1995). Clearly socioeconomic and environmental contexts point to co-operation with a bias to the poor and sustainable economics. But strategy needs time, resources and milestones on the way to the achievement of goals. The manager was correct in trying to build constructive information flows on the basis of operational relationships. Burgoyne's model of the interface between organizational boundary workers, in this case the manager and staff at the retail store, is a crucial information gathering process. But the information from 51 producer members, who were part owners of the co-op, appeared to contradict the goal the manager was firmly committed to. The data received from regular customers at the store was inadequate. They must have represented, given the figures, a tiny minority of consumer enthusiasts and a handful of mostly volunteer staff. This could not be considered a reliable data source for the wider needs of 600 members let alone the 14000+ potential members in their local community. The fledgling co-operative recruited something like 4% of its geographical population into membership but did not engage by reaching out and listening

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beyond what in governance and probably commercial terms was 6% or 36 members out of 600. In turnover terms, the silent 94% of its membership appear hardly to trade at all with their co-operative.

Conclusion

In a globalised distribution system, where North America is one of the most technologically and, in marketing terms, sophisticated distribution systems in the world, the data the co-operative needed to build a viable business was not available to it based on their operational intelligence. Secondly, if you are starting from scratch, you must have an incremental strategy *towards* realizing your vision. While there is a market for healthy eating amongst average consumers, the lowest paid *have* to buy cheap. But to sell cheap, or give away through volunteer access programs, requires a guaranteed high throughput. The capitalists provide cheap food because they need these exploited folk to have the energy to work for them and they have the intelligence to make sure their poor quality food at least tastes reasonable and is supported by intense market research and sales strategies.

The Rochdale 1844 store succeeded because the limited range met members' needs, they sold at retail prices and let us remember they were not competing with a multinational retailer or McDonald's. The authors of this paper are not retailers, but we do make the claim that a staged strategy to achieve the vision demonstrated in the case study is possible. Research needs to focus on developing a grassroots local economy model that works without government or big capital investments, to meet the principle of Autonomy. On the case study experience, the model includes mobilizing local small farm producers into a co-operative to distribute their produce locally, develop a retail store with a capacity to sell surpluses farther afield and consider food processing as a later stage in development. Having established a viable locally owned food industry, linking local producers with local consumers will be the time to study barriers to inclusion that are relevant to the poor and marginalized in their area and a model that lower income group members can take ownership of. Local producers have capacity and management skills and there will be a local consumer segment who have the motivation (and self interest) and income to pay a premium price. The quality of local production cannot be duplicated in a supermarket chain. On the solid basis of local economic success and community solidarity, we can look for strategies to reach out and mobilize the economically marginalized. Whether this stage is reached and success achieved may well depend on how actively engaged members, managers and employees within the co-operative are from the start with co-operative values, principles and vision at the level of cultural reproduction. Arguing for co-operative *servant leaders* drawn in the main from ethically motivated professional and middle class people may be politically incorrect today in a movement constantly emphasizing grass roots democratic control but it remains historically accurate (Schaffer, Jack, 1999) and practically necessary.

The case study surely had such a servant leader in its manager, yet it still failed. The case demonstrates that if visions are to become realities, co-operators must first clearly understand that whilst vision can form the goals, economic and social realities must inform the incremental strategies going forward. This is not to argue for postponing co-operative values and principles for they *must* inform the lived organizational and associational culture from the outset, otherwise, as we see today in co-operatives the world over, vision can turn all too easily into a complacent bureaucracy.

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Locating the Contributions of the African Diaspora in the Canadian Co-operative Sector

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Abstract: Despite Canada's legacy of co-operativism, Eurocentrism dominates thinking in the Canadian co-op movement. This has resulted in the exclusion of racialized Canadians. Building on Jessica Gordon Nembhard's (2014) exposure of the historical fact of African Americans' alienation from their own cooperativism as well as the mainstream coop movement, I argue that Canadian co-operative studies are limited in their scope and fail to include the contributions of Black, Indigenous, and people of colour (BIPOC). I also argue that the discourses of the Anglo and Francophone experiences dominate the literature, with mainly white people narrating the Indigenous experience. Finally, I hold that the definition of co-operatives that we use in Canada should include informal as well as formal co-operatives. Guyanese economist C.Y. Thomas' (1974) work has influenced how Canadians engage in co-operative community economies. However, the preoccupation with formally registered co-operatives excludes many BIPOC Canadians. By only recounting stories about how Black people have failed to make co-operatives "successful" financially, the Canadian Movement has missed many stories of informal co-operatives that have been effective in what they set out to do. Expanding what we mean by co-operatives for the Canadian context will better capture the impact of co-operatives among BIPOC Canadians.

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Key words: Co-operatives, Mutual aid, ROSCAs, African diaspora, Underground railroad, Rochdale, ICA

There are two ways one might learn about the potential value of using co-operatives. One, fondly followed by generations of co-operative enthusiasts, is to start with some history, to retrace the steps in the development of co-operatives from their beginnings—usually starting with the Rochdale Pioneers in the 1840s in England—and then to follow the course of the development of co-operatives to the present day. This can be a useful route, particularly for those whose ancestry extends back to the industrial revolutions in the North Atlantic world. It is not so useful for others whose traditions embrace different value systems and whose

histories are not so immediately shaped by industrialism. (*Hammond Ketilson and MacPherson 2001, p. 3*)

Introduction

Co-operatives are part of Canadian DNA, reflected in Canada's well-known legacy of co-operativism. Most literature about co-operative economics and co-op history is anchored in Eurocentric ideas and knowledge. In the opening quote to this essay, Canada's leading co-operative scholars Lou Hammond Ketilson and the late Ian MacPherson (2001) attest that the story of co-operativism in Canada is based on the European history of the Rochdale weavers—a history that is not inclusive of people from different heritages. Rita Rhodes, author of *Empire and Co-operation* (2012), contends that the Eurocentric focus of the co-op movement excluded other people.

This essay builds on *Collective Courage* (Gordon Nembhard, 2014) which exposes the historical fact that African Americans have often been alienated from the mainstream co-op movement as well as their own co-operativism. I argue that Canadian co-operative literature is also limited in its scope and fails to include how Canadians who are Black, Indigenous, and people of colour (BIPOC)¹ have contributed to the development of co-operativism. I also argue that the discourses of the Anglo and Francophone experiences dominate the literature, and that mainly white Canadians narrate the Indigenous experience. I also hold that the definition of co-operatives we use in Canada should include both informal and formal co-operatives. The work of African Guyanese economist C.Y. Thomas (1974) has influenced the Canadian mindset in how to engage in co-operative community economies. However, the preoccupation with formally registered co-operatives excludes many BIPOC Canadians.

According to the International Co-operative Alliance (ICA) website, co-operatives are collective, member-owned institutions organized by groups of people who are filling a gap in society and business. The current understanding of co-operatives, while applicable to any group using solidarity and self-help to address market failure, ignores and omits the contributions of non-Europeans. It is thus limited in terms of its relevance to a diverse group of Canadians. Though dated, the Canadian Co-operative Association produced a report (2011) on *Ethnocultural and Immigrant Co-operatives in Canada* that surveyed formal co-operatives among immigrants in English-speaking Canada. This preoccupation with formally registered co-operatives has led to the exclusion of many Black and racialized Canadians who have established co-operatives and collectives that are not formalized. In the United States, Gordon Nembhard (2014) has similarly found that to understand the traditions and legacies of solidarity, mutual aid, and co-operativism among BIPOC Americans, it is important to study diverse examples of economic co-operation, not just formally incorporated co-operative businesses. In the Caribbean context, Hossein (2017a and 2017b) also notes the importance of studying both the informal and formal Black social and solidarity economy in order to understand not just economic survival but also financial co-operation and political control. The mainstream North American literature on co-operatives at best marginalizes and usually ignores the purposefully informal co-operatives that BIPOC people engage in. Furthermore, nowhere does the literature address why this is the case. In fact, co-operative literature largely misses counting informal co-operatives as part of the ecosystem.

Formal and more established co-operatives for the most part have not been helpful to Blacks in their efforts to set up co-operatives in Canada. The Canadian movement only recounts stories about how Black people have failed to make co-operatives "successful" financially, in this way missing many stories of co-operatives, most of them informal, that have been effective in what they set out to do. We need to expand what we mean by co-operatives in the Canadian context to include the BIPOC perspective. This definition, if it included Black and racialized people, would include more co-operators who are non-white and would push for Black and immigrant peoples' voices in what a co-operative should be.

Co-operatives are voluntary organizations usually born out of a crisis. They often exist to fill a need in business and society (see ICA, n.d.; Gordon Nembhard, 2008, 2014). These organizations are democratic, and rules are determined by the members who created them (see ICA, n.d.). The more we study co-operatives and solidarity economies, the clearer it becomes that people around the world have and are engaged in formal and informal co-operatives. One of the most impressive co-operative movements in the world, for example, is taking place in the state of Kerala, India: despite a tense political climate, millions of women come together in the Kudumbashree movement to protest oppression and to help each other in all facets of life (Thiagarajan, 2019; Christabell, 2013).

Globally, more than 1.2 billion people belong to co-operatives. Many co-operatives are also informal and grassroots groups. The ICA (n.d.) has defined co-operatives as:

people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations. Cooperatives bring people together in a democratic and equal way. Whether the members are the customers, employees, users or residents, cooperatives are democratically managed by the 'one member, one vote' rule.

This definition, along with the seven internationally agreed co-operative principles, suggests that these groups should be spreading the co-operative movement, which does not deny anyone based on identity and race. To better capture the importance and impact of co-operatives among a variety of communities and peoples in Canada, our definition of co-operatives should include informal and formal co-operatives carried out by Black and racialized people. This would better represent the sector and recognize the myriad forms and players. In addition, as part of the sixth principle of co-ops—co-operation among co-operatives—the onus should be on established co-ops to assist in the development of co-operatives organized by people of colour.

Reckoning with what co-operatives should be

Co-operatives are truly international—practised around the globe. It is not clear where the idea of collectively organizing with the intention to help others originated. Nici Nelson (1996) documents banking co-ops among Kenyans since the 1970s and believes that this activity began well before the colonial time. In carrying out research in Bahir Dar, Ethiopia, in the fall of 2018, academics and leaders in community development explained that the Habesha people were the first in the world to create the idea of collectivity by way of Equub and Indir and Iqib, which are informal group systems of credit and savings (Bekerie, 2003; 2008; Kedir & Ibrahim, 2011). Given that Abyssinia (today Ethiopia) is revered as the land of human origins, this theory may be plausible. India also has an ancient system of Chits, that help people access funds through a group methodology. Laws regulating Chit funds date back to the 1800s, and people organized these systems long before colonization (Sethi, 1996; Datta, 2000). In fact, India leads the world in the number of co-operatives, and the very first meeting for the ICA was held in India to mark this achievement (Williams, 2007).

It is difficult to pinpoint the origins of co-operative development. Co-operative historian Richard C. Williams (2007) has found that some of the earliest forms come from the Global South, in places like India and China where collectives were everywhere in developing the society. Thomas Davies (2018), in his exploration of the historical development of non-governmental organizations (NGOs), argues that the world's NGOs and community organizations were first created outside of the Western world. Chancellor Williams (1993[1967]) has argued that “the economic basis of African life was originally co-operative” (p. 151). These views, however, are rarely acknowledged in scholarly writings about co-operatives.

Instead “original” co-operative movements are noted to be in a European context. Some of the earliest of these are fire insurance mutuals in the UK; a number of cheese co-operatives out of France; and Robert Owens’ experiment of the New Lanark in Scotland—all of them envisioning systems of co-operatives to counteract corporatization. Lanark ran into troubles over mismanagement, but this is seldom discussed (Williams, 1993[1967]). The ICA (n.d.) has shared that the Rochdale co-operative in 1844 was the founder of the co-operative principles, and the modern co-operative movement has been memorialized by this historical fact since ICA was founded in 1895. This homage to Rochdale continues even though Rochdale became a commercial firm at one point and experienced sustainability issues (BBC, 1980; Williams, 2007).

Ideas of being co-operative are larger than Rochdale. The theory of community economies by J.K Gibson-Graham (2006; 2003; 1996) and the Community Economies Research Network (CERN) have shown diverse forms of co-operation in the Global South, outside of the politics of capitalist and non-capitalist binaries. A CERN member and solidarity economy scholar Ethan Miller (2010) attributes the concept of *economia solidaria* to peoples’ movements in Latin America, specifically Peru, Chile, and Brazil, where BIPOC people have protested against their unequal treatment by the colonizing white elites.

In Canada, Indigenous people have potlaches and Wisdom Circles as ways to rethink co-operativism (Wuttunee, 2010). In the United States, W.E.B. Du Bois (1907) referred to the Underground Railroad of the 1790-1800s as a co-operative movement, where people made both economic and social commitments to risk their lives to move enslaved people into freedom.² Du Bois documented many examples of African American mutual aid and co-operativism (Haynes, 2019). John Curl (2012, p. 4) concludes that, in the U.S., “the history documents how cooperatives were an integral part of numerous American communities in many time periods, and how the working people of this country turned time and again to cooperation for both personal liberation and as a strategy for achieving larger social goals” starting in the 1830s. Not only does Curl (2012) include Black mutual aid and co-operative action in this history, but he also recognizes that the first North Americans “to practice collectivity, co-operation and communalism were, of course, Indigenous... Cultural patterns of economic co-operation were clearly engrained in the fabric of every tribe” (p. 15). He provides early examples of economic co-operation from First Nations, including the Shoshone Nation, the Lakota, Southwest Pueblos, Northwest Coast tribes, and the Iroquois Confederacy. Wanda Wuttunee’s foundational work (2010) shows the importance of various collective systems and how people considered the environment, their livelihoods, and their own spirituality in thinking through opportunities.

Millions of people around the globe participate in informal co-operatives to access financial services and consumer goods. It is the informal nature of how these groups operate that makes them so important to ensuring collectivity and reaching those people most excluded in society. Omissions of informal co-operatives in research are unnecessary and counterproductive.

Remembering C.Y. Thomas’ economic theories for community-based self-help³

It is plausible that African peoples’ collective and co-operative systems predate most systems in the world (see Williams, 1993[1967]). In the United States, Gordon Nembhard (2014) chronicles the many forms and practices of African American co-operativism, as well as the impact of Black mutual aid and communalism on the larger U.S. community development movement (Haynes, 2019; 2010; Stewart, 1984; Sullivan, 1969). In Canada, Black Canadians’ descendants from Africa have been giving to Canada for a very long time. In the 1700s, for example, an African interpreter for Europeans by the name of Mathieu de Costa brought knowledge and ideas about how to trade with the Indigenous people of Canada (Johnston, 2001). Black Canadians, however, are still seen as newcomers. While history reveals otherwise, Black arrivants⁴ to Canada are often missing in the literature and storytelling of Canada’s settler experience (James et al., 2010). Indeed, Black Canadians are often viewed as recent migrants. Ryerson’s Grace Galabuzi (2006) has found that contemporary immigration policy in Canada is biased against BIPOC applicants, a situation that has existed for decades. Even though policy has diversified the groups of people emigrating to Canada, the integration of Black immigrants into the Canadian economy has been especially difficult.

Guyanese economist C.Y. Thomas (1974; 1988), in his research on small Caribbean countries, explains how small-sized economies like Guyana can outwit the World System created by Europeans focused on the extraction of their precious raw materials from the Caribbean and leaving the local people dependent on imported food stuff.⁵ The Caribbean people’s focus on what they need and their investment in their own self-sufficiency has had an impact on local economic co-operation in Canada and elsewhere. Thomas’ (1974) body of work is important because it speaks to self-sufficiency and economic co-operation, which has always made sense to the Caribbean diaspora. Thomas’ (1974) work has influenced Canadian community economic development, making it clear that Black perspectives have shaped Canadian ideas on how to collectively organize economic goods (Rebel Sky Media, 2018). The late Canadian economist John Loxley (1985; 2008) credited Thomas’ work as the basis for the Neechi principles that drive how organizations engage in their own self-help and sufficiency in the economy. It is significant that an Afro-Guyanese scholar has influenced the very principles we use in community economic development in Canada and that are endorsed by the Canadian Community Economic Development Network.

Valuing the informal

The co-operative sector has missed the opportunity to help BIPOC people build their own co-operatives. Co-operatives in Canada follow ICA’s definition and are formally registered by the provincial government. This means

that only institutions that meet ICA criteria are considered co-operatives. However, in the province of Ontario—and most likely across Canada—many forms of co-operative that operate informally do not fit into this definition. To understand the co-operative experience as it relates to the African diaspora and racialized minorities in Canada, we must expand the definition of co-operatives to include institutions that are voluntarily formed by groups of people, usually from the same socio-economic group, who come together because they are excluded from mainstream business.

Co-operatives are very important to democratizing the market; however, they are in gradual decline, especially in the Global North according to Richard C. Williams (2007; 2010). In contrast, in the Global South, co-operatives are pervasive, embedded into people's ways of life; but because of their informal nature, they are often relegated to the sidelines. In Canada, formal co-operatives are mostly led by white people and these institutions have limited appeal to racialized people. Cities such as Toronto and Montreal have large numbers of BIPOC, and co-ops miss an opportunity to reach these groups. Many Black and diaspora people emigrate from places where co-operatives and credit unions are well-known and they bring added knowledge about self-help groups, collectives, mutual aid, and rotating savings and credit associations (ROSCAs)—all forms of co-operativism.

Making co-operatives inclusive of BIPOC contributions would be a start in undoing the whiteness within the sector and hiring leaders reflective of society. As stated earlier, I argue that co-op knowledge in Canada is anchored in European concepts, failing to acknowledge BIPOC Canadians' deliberate use of informal co-operatives. In this paper, I critically analyze the three main discourses for co-operativism and introduce the Black Social Economy as an epistemology that is explicit in its use of informal co-operatives as a way to diversify the co-operative movement.

Methods and approaches

Over the years I have published a number of articles on the African diaspora and Black origins in the social economy. In the course of my community work, it became clear that the literature, specifically the question of who is a co-operator, needed attention. In Canada, research defaults to Western (read white) ideas about co-operatives as a given, without acknowledging BIPOC contributions in this sector. Teaching these literatures made me complicit in furthering this knowledge. I became acutely aware of the need to write a paper that challenges what we mean by a co-operator in Canada. It is also imperative to push the sector as a whole to be inclusive of the kinds of co-operatives Black and racialized people take part in in Canada.

For the past nine years, I have examined and thought about informal co-operative banking groups among the African diaspora in Canada and the Caribbean. My interest in Black co-operatives was piqued first while a doctoral student in Jamaica in 2008 and again on a trip to Accra, Ghana, where I met Jamaican immigrants in Ghana using the Marcus Garvey Credit union. In our exchange, they inquired about Black co-operatives and credit unions in Canada, but we had none. From that day on, I started to view ROSCAs and similar organizations as co-operatives and wondered why they were not included in the formal definition of co-operatives. Much of this paper is informed by my years examining immigrant and Black co-operatives and mutual aid groups (Hossein, 2015). The more I study these informal co-op groups run by racialized women, the more convinced I am that they should be considered co-operatives and that immigrants do not “lack knowledge” about these systems. Over the years, I collected papers and documented writings on co-operatives and saved stories from newspapers on co-operatives run by the African diaspora.

My research assistants, all advanced doctoral students, carried out a sweep of the co-operative material in the field with an eye on those writings in Canada. They located obscure sources and formulated a list of Ontario credit unions, and also looked at a number of boards of well-known co-operatives in Ontario. Most of the credit unions on the list—such as Equity, Meridian, Alterna, and Ganaraska—serve the general public, and a few have affinities with groups such as teachers, health care workers, local trade unions, and firefighters. They all seemed to be lacking in culturally diverse leadership at the executive levels and within their boards. To learn more about these organizations, one of my research assistants carried out detailed searches of the boards of directors on LinkedIn, reviewed feminist archives for Black Canadians and examined Twitter feeds.

This work questions the general thinking that the African diaspora in Canada are not co-operators and do not know much about co-operatives. Gordon Nembhard's work (2014) was alone in reacting against the dominant view that African Americans were not co-operators; and a similar situation exists in the Canadian context, where the assumption is that Blacks and immigrants are not informed about co-operatives. Lived experience and informal co-operative expertise are not acknowledged as valid.

Grounding the BIPOC co-operator experience in Canada

The story of co-operatives in the Canadian context is often told from a Eurocentric perspective, ignoring the Black and Indigenous experience. These two groups suffer some of the lowest scores in human development in Canada and in many other places (Timothy, 2018; National Council of Welfare Reports, n.d.; James et al., 2010). What is absent from Canada is theoretical framing and knowledge-making in the study of the co-operative activities of racialized people.

Notably, recognition of different forms of co-operatives is the norm outside of Canada. A recent International Labour Organization (ILO) webinar on gender equality and co-operatives, which hosted more than 175 people, made it clear that co-operatives include informal organizations like ROSCAs (27 April 2020). The Self-employment Women's Association (SEWA) presented expertise in building informal and formal co-operatives, each having a place in Indian society. In Canada, Indigenous scholar Wanda Wuttunee (2010) has located her own lived experience as well as first-hand knowledge about Indigenous co-operative businesses, which can be both formal and informal. My studies (2013; 2018) involved extensive empirical work in the Global South and Canada to understand financial co-operatives among the Black diaspora. Gordon Nembhard, in tracing informal and formal co-operatives in the United States, has argued that they are all part of the co-operative system. What is evident is that there is a gap in understanding Black and racialized peoples' co-operative expertise in the West.

The literature review in this paper emphasizes the ways that Black and racialized people are engaged in the co-operative sector. It seems an erasure exists within the co-operative sector of what racialized people have done in building co-operatives. In *Rethinking Co-operatives: Japanese-Canadian Fishing Co-operatives*, Jo-Anne Lee et al. (2017) argue, "This privileging of dominant group co-operative experiences has resulted in an impoverished understanding of ethnic minority co-operatives and of co-operative development more generally" (p. 541). The general sentiment has been that the sector is "pale, male and stale" and no effort is being made to change co-operatives. Yet a decline in membership (and the struggle to attract members) points to a need to rethink co-operativism for racialized groups.

As noted above, co-operatives are defined as open and democratic structures that aim to fill a gap and meet the needs of people who are excluded from mainstream business. A fundamental role of a co-op is to help other co-ops develop and to spread the movement. Canadian Desjardins International has an international arm focused on growing the co-operative movement in the South. Yet co-operative building in Canada is limited in how it invests in and helps minorities in their co-operatives. Beyond the scope of this paper is the separate issue that co-ops themselves lack cultural diversity in terms of race and ethnicity.

Boards on co-operatives are not always equitable—a situation that exists in Canada as well as in the United States. In a *New York Times* article, entitled "As Co-ops Spread, Discrimination Concerns Grow," Iver Peterson (1990) writes about the racist behaviour of co-operative boards in Brooklyn and Queens. The film *Shift Change: Putting Democracy to Work* (Dworkin and Young, 2012) shows how the membership in U.S. worker co-ops such as Evergreen are culturally diverse. African Americans and immigrants who are aiming for urban revitalization and community economic development are creating worker co-ops (Palmer, 2019; Hatcher, 2018; Haynes, 2010; Haynes and Gordon Nembhard, 1999). University of Illinois at Chicago scholar Stacey Sutton (2019) notes that Evergreen Ohio, embedded in racialized communities, is spreading from city to city as municipal leaders understand the cause.

U.S. scholars Wei Li and Lucia Lo (2008) also find that when commercial banks cannot meet the needs of the minority business community because of racial bias, perhaps credit unions can, and show that LA has over 30 ethnic banks from which to choose. By contrast, Toronto has 18 credit unions of which the majority are European (see Table 1).

Other factors—including differences in national financial structures, immigration policies, and immigrant profiles—contribute to the disparities in financial services for ethnic immigrants between the two cities.

A number of associations such as the Canadian Co-operative Association and Canadian Worker Co-operative Federation have tended to focus on formal co-operatives and we do not see large numbers of immigrants leading formalized co-operatives. However, BIPOC Canadians are forming co-operatives that tend to be informal ones, and the co-op sector is at a loss how to include them. Lou Hammond Ketilson (2006), found there is a need to expand the definition of co-operative, clearly stating that “the culture of co-operatives stagnated as the co-ops paid too little attention to education and efforts to attract young people and immigrants” (p. 3). The co-operative movement in Canada is missing the contributions of racialized people—the “minorities”—and much of this has to do with ignoring informal variants of co-operativism.

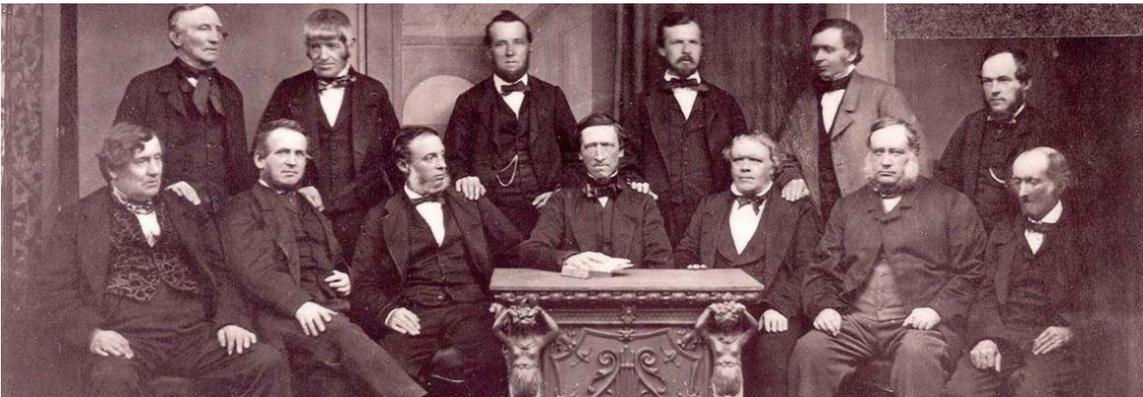
Understanding the discourses of co-operatives in Canada

The history of co-operative development follows theories that are Eurocentric and reflect the English and French-Canadian experience. Knowledge is grounded in theories that reflect a white settler experience of both white protestants and French Canadians. The third discourse is Indigenous—and it has been mainly narrated by white Canadians.

The English Protestant discourse

The dominant discourse about co-operatives stems from the English Protestant telling of these stories (Fairbairn, 1994). The ICA (n.d.) names the Rochdale co-operatives that began in 1844 in England as the prototype for co-operatives (see Photo 1).

Photo 1: The Rochdale Pioneers, England



Source: ICA website (6 May 2020)

The Reiffeissen worker banks of Germany are also referenced for the credit union model and its ability to address financial exclusion (Guinnane, 2001). The ICA names the Fenwick Weavers’ society in 1761 as the first co-operative, through which the people of Scotland sold basic food stuff as a way to bypass commercial factories.

On its main web page, the ICA notes that many co-operatives started off as “small grassroots organisations.” However, only industrialized regions of the world such as Western Europe, North America, and Japan are sourced as points of origin for these organizations. English Canada’s ideas dominate the learning about co-operatives in Canada. The Guelph Campus Co-op, founded in 1913, is featured prominently by the Ontario Co-operative Association (OCA) as part of the origin story of the co-operative movement in Canada (OCA website; Wade et al., 1984, p. 16). In his book, *One Path to Co-operative Studies: A Selection of Papers and Presentations*, Ian MacPherson (2007) documents that the first co-operative store was opened in Stellarton, Nova Scotia in 1861 (p. 32). But Gordon Nembhard’s (2014) work finds that the first communal co-ops in Canada were the self-sustaining Black farms in Wilberforce, Ontario, as early as 1831 (p. 34).

By far the most renowned co-operative legacy for English-speaking Canada has been the Antigonish movement in Nova Scotia in the 1930s. This co-operative movement was led by two Catholic priests, Reverend Dr. Moses Coady and Reverend Jimmy Tompkins, who drew on Catholic Social Teaching to develop agricultural extension services and adult education. Their intentions were to raise the consciousness of the fisher folk so that they could protest commercialization of the fisheries (Macaulay, 2002, p. 46; Welton, 2003, p. 80). This was a working class struggle: the documentary film, *Yes You Can Do It: The Story of the Antigonish Movement*, reveals that fisher folk wanted fair prices for their goods and financial services that served community needs (Murphy, 2009). While the film fails to include the minority experience in Canada, missing an opportunity to include knowledge of BIPOC Canadians in co-operatives, it does include the Ethiopian co-operative Just Coffee and connects it to the legacy of the Antigonish movement.

Western Canada, and particularly the prairie provinces of Manitoba and Saskatchewan, saw a similar struggle for the working class that resulted in the development of agricultural and farming co-operatives (Fairbairn, 2009; 2007; 2004; 2005). Since 1896, Wawanesa Mutual in Winnipeg, Manitoba has been rooted in co-operation to meet the insurance needs of farmers (“History of Wawanesa”, 2020). Co-operatives of white Europeans from the 1930s focused on the issue of the commercialization of food, principally in the wheat and fisheries sectors. These are very important struggles for the white working class. This English-speaking trajectory is framed in a very white and exclusionary narrative.

*The French discourse of the *economie sociale**

Another prominent narrative of Canadian co-operativism is the French-Canadian *economie sociale* experience in the province of Quebec. The struggle of class politics also preoccupies the social economy, and as in English Canada, racial bias is ignored in this discourse.

Historically, the 1900 Desjardins *caisses populaires* movement dominates the understanding of Quebec’s social economy (Mendell, 2009a, 2009b; Lévesque et al., 1997). The 1990s saw wide-scale support for the development of the *Chantier de l’économie sociale*, a provincial trust fund that received substantive funding of more than fifty million dollars toward co-operative and social economy development. Desjardins is revered globally as a leading co-operative in the world. In 1900 Alphonse and his wife Dorimene Desjardins learned about the German worker co-operatives established by Friederich Reifeissen and Hermann Schulze-Delitzsch and believed a *caisse populaire* (credit union) would meet the needs of a French-speaking minority in Quebec (Mendell, 2009a; 2009b). Benoît Lévesque et al. (1997) describe the integral connections between the socio-economic development of French Quebec and the growth of the Desjardins movement to become the primary financial institution and largest employer in the province of Quebec (p. 494).

Desjardins has an international arm that carries out technical assistance in developing countries to strengthen the co-operative sector. When doing doctoral research in Haiti in the early 2000s, for example, I observed that Desjardins was hired as the technical provider to assist the local network, Le Levier, following a scandal there. Desjardins also invests in environmental sustainability and social innovation within Canada (Vezina et al., 2017, p. 265); however, in order to work with immigrant Canadians in Quebec, the organization has had to call on its international arm working in developing countries.

I found it interesting that - the international staff understood cultural diversity and were better trained to work with allophones and Black minorities living in Quebec than the Canadian-based staff (Focus groups, Little Burgundy and Cote des Neiges, Montreal, 2016). As I learned through interviews by a partner funded by Desjardins, this is in part due to staff being unable to connect to non-white people including Haitians, Quebec’s largest Black community (Interview with a partner organization of Desjardins, name and location withheld on purpose, 2016). In the eyes of BIPOC Canadians, Desjardins seems too white and is an institution whose employees are mostly concerned with “Pure Laine”—white French-speaking people. And so, while the Desjardins *caisses populaires* have addressed the needs of a distinct minority of French Canadians, they have had limited impact on BIPOC and non-French minorities.

The Indigenous discourse on co-operativism in Canada

The third and final discussion of the history of co-operatives in Canada has focused on the Indigenous experience. It should be said that the research space on Indigeneity and co-operatives has been dominated by white men and non-Indigenous people who do not have first-hand experience of what it means to be Indigenous. Hammond Ketilson and MacPherson (2001) have written extensively on Indigenous co-operatives, noting that these organizations have been used both as part of the colonization process by the state and as a form of business for self-determination. Hammond Ketilson and MacPherson's work can be viewed as distinct from the Eurocentric co-operative trajectories, as they take up how the colonial and settler experience impacted and continues to impact Indigenous livelihoods, cultures, and practices that may not adhere to Western conceptions of development. In this, they address the harmful histories of colonialism, in part through a narrative of the purposeful underdevelopment of a people, and explore why co-operatives are vital to Indigenous populations.

Co-operatives in Indigenous communities in Canada range widely. Some economic developments in Indigenous communities have been strongly associated with the development of co-operatives (Dana, 2010; Anderson, 1999); but more critical analyses have also emerged of Indigenous co-operatives in the context of colonization (Quiring, 2006; Sengupta, 2015; Quarter et al., 2017). Chris Southcott and Valerie Walker (2015) carried out a massive study examining the social economy in the hinterlands among Aboriginal people. Hammond Ketilson (2006) outlines the varied forms of co-operativism among Indigenous populations. Citing differing and conflicting values of membership, she stresses the need to understand and identify variations in models of co-operation among Indigenous people.

While European perspectives describing Indigenous co-operatives have been insightful, the work rarely draws on Aboriginal theories. For example, El Bachir Abdelouahid Belhadji (2001) takes a quantitative approach to making sense of Canadian co-operative data, noting a number of statistical differences between Northern and Southern Indigenous co-operatives, as well as between Indigenous and non-Indigenous co-operatives. Sectoral distributions, membership, and profits can be informative, but such findings are limited in terms of a holistic understanding of co-operatives in culturally diverse Indigenous communities. Such limited understanding perpetuates a singular view of co-operatives, maintaining a dichotomy between "regular" and "Aboriginal" co-operatives.

Isobel M. Findlay (2006) takes a more holistic approach in *Putting Co-operative Principles into Practice. Lessons Learned from Canada's North*. She argues that Inuit co-operatives guided by local knowledge were rooted in economic co-operation with the main goal of fighting against systemic exclusion. More specifically, they aimed to protect the Inuit people's connection to the land. University of Saskatchewan scholar Brett Fairbairn's (2004) work reveals the deliberate colonial project to contain Indigenous people, which was evident in the set-up of the first co-operatives:

Co-ops emerged as part of colonialism in North America—they emerged as European Institutions and as tools for Europeans to establish themselves as settlers in a world that was new to them. Co-ops did not exist (until much later) for the benefit of the Aboriginal population (which was immensely reduced by disease, devastated, and swept aside), but, rather, for the colonists. More specifically, co-ops were a response to tensions and problems in the colonial economy that became more apparent as it underwent industrialization. (p. 27)

Bias against and management of Indigenous people were initially perpetrated through co-operatives. But Fairbairn (2009) also notes that these co-operatives can be a vehicle for people to come together and repair the damage done to them.

Other studies of Indigenous co-operatives in Canada—such as Gibson et al., (2005)—locate the Aboriginal experience in the co-op sector. Edith Iglauer's (2000) work on Inuit, Doug Lionais and MA student Kim Hardy's work (2015) in the Yukon, and Aliva Tulugak and Peter Murdoch's (2007) work on co-operatives in northern Quebec have revealed an expertise in co-operativism among Indigenous people and suggested that there is much room for Indigenous people to tell these stories themselves. Wuttunee (1992), for example, does a good job of making space for and telling the story of the "Ikaluktutiak Co-operative Limited, Cambridge Bay, NWT" through an Indigenous perspective.

Case studies are useful tools in organizing and understanding information and knowledge about how co-operatives operate among Indigenous peoples. The Canadian Community Economic Development Network's archives contain cases on the Great Bear Co-op and Neechi Foods (Findlay & Wuttunee, 2007); the Neechi Foods Co-operative (Rebel Sky Media, 2018; Grant, et al., 2018; Loxley, 2002); the Northern Saskatchewan fisheries co-operatives and Buffalo Narrows Sawmill Co-operative (Quiring, 2006); the Northern Saskatchewan Trappers Association Co-operative (Pattison, 2010); prison co-operatives (Harris & McLeod Rogers, 2014); and Inuit co-operatives (Stopp, 2014). These cases open up our knowledge of co-operatives formed by non-white Canadians. And yet, Ian MacPherson's (2012) warning eight years ago still rings true: that regionally the northern Canadian experience and Indigenous co-operative movements are and continue to be largely under-researched (p. 76).

Cliff Atleo (2015) is a Tsimshian (Kitsumkalum/Kitselas) and Nuu-chah-nulth (Ahousaht) scholar at Simon Fraser University. He argues that capitalism cannot be Aboriginalized because of its fundamentally different world views. Wuttunee (2010) has also filled a gap in co-operative research through her book *Living Rhythms*, in which she acknowledges varieties of social economy organizations that cannot be homogenized because of the various cultures within Aboriginal groups. Sengupta (2015) has contributed to this conversation by recognizing that culture is a valued goal in economic co-operatives. And finally, MBA graduate Carole Anne Hilton has launched the Indigenomics Institute, focused on supporting Indigenous-run business in its various forms.

Arctic Co-operatives Limited, a federation of co-operatives that has incubated co-operatives and Indigenous-owned enterprises in Northern Canada, is held up in particular as a successful co-operative development in Indigenous communities (Quarter et al., 2017; Mitchell, 1996). In the 2018 film, *The Inclusive Economy: Stories of CED in Manitoba*, Louise Champagne, president of Neechi Food Co-operative, insists that tribal band economies are about caring about people and meeting people's needs. She argues that this was what Neechi Commons is bringing to the Point Douglas neighbourhood in Winnipeg (Rebel Sky Media, 2018). This illustrates that Indigenous people have always had a co-operative economic system that counted on humans first. The principles governing community economic development that the co-operative developed, and which are rooted in the idea of self-sufficiency, are known as the Neechi principles.

Subsidies from the Government of Canada to build Indigenous co-ops like Arctic Co-operatives Limited were seemingly accompanied by state agendas to settle previously nomadic Indigenous communities and establish Arctic territorial control and sovereignty through population settlement (Hammond Ketilson, 2006; Mitchell, 1996). This is an important finding because it shows that co-operative networks like Arctic Co-operatives Limited were able to sustain long-term government investment and technical assistance. The idea of remaking community economic development in Canada for Indigenous people is also rooted in ideas of the Black diaspora through the influence of C.Y Thomas' self-sufficiency, local needs and convergence theory.

An erasure of the Black Canadian discourse in co-operativism

Yet the contributions of BIPOC Canadians in the co-operative sector are missing and the discourse is predominantly white. *Silent Transformation*, a documentary by Brothers et al. (2017), in its quest to showcase the Ontario co-operative model for the good of society, anchored the academic knowledge and expertise as white and male. Knowledge making on co-ops has a white gaze in terms of how co-operativism is carried out and this favours white immigrants to be able to create their own co-operatives (see Table 1 below). The Financial Services Regulatory Authority of Ontario (FSRA) (formerly the Financial Services Commission of Ontario) has published a list of credit unions in Ontario that shows that out of 66 credit unions, only 12 are immigrant credit unions and most of these are white.

Table 1: Ethnic Credit Unions in Ontario, Financial Services Regulatory Authority of Ontario

European Credit Unions	Racialized Credit Unions
1. Buduchnist Credit Union Limited (Ukrainian)	1. Korean Catholic Church Credit Union Limited
2. DUCA Financial Services Credit Union Ltd. (Dutch)	2. Korean (Toronto) Credit Union Limited
3. Finnish Credit Union Limited	3. Taiwanese-Canadian Toronto Credit Union Limited
4. Italian Canadian Savings & Credit Union Limited	
5. Moya Financial Credit Union Limited (Slovenian)	
6. Northern Birch Credit Union Limited (Estonian)	
7. St. Stanislaus-St. Casimir's Polish Parishes Credit Union Limited (Polish)	
8. Talka Credit Union Limited (Lithuanian)	
9. Ukrainian Credit Union Limited	

Source: FSRA website. Data last reviewed on 27 July 2020.

According to the FSRA data, the Korean and Taiwanese organizations are the only racialized credit unions in Ontario. European immigrant communities (Ukrainian, Dutch, Finnish, Italian, Slovenian, Estonian, Lithuanian) make up the remainder of the organizations. After a number of reviews of these credit unions on LinkedIn and Twitter feeds as well as websites, it is important to note that there is an absence of Black, South Asian, and Indigenous credit unions, and the leadership of the ones listed here are also missing BIPOC Canadians.

Some of Canada’s largest credit unions, such as Meridian and Desjardins, have been able to conquer minority language exclusions, but they have been limited in their focus on BIPOC groups. Alterna Savings and Credit Union, one of Ontario’s oldest credit unions, has a community investment portfolio (which used to be a microfinance program) that reaches mainly racialized people. But this unit is separate from its core business and has been sustained through the efforts of two Jamaican-Canadian women. Co-operatives in Canada seem to be preoccupied with whiteness, excluding BIPOC and other marginalized people. There has been, and continues to be, no consideration of the racism that is occurring within co-operative institutions—both within the practice and in the research of these institutions.

All three discourses thus reveal that BIPOC communities are missing from Canadian discussions on co-operatives. Of the three discourses, however, the Indigenous, with its acknowledgement of race and exclusion, is most relevant for BIPOC in Canada. In fact, the revered Neechi principles on how to build sustainable and locally owned community economic development are rooted, as mentioned above, in self-sufficiency. This theory of self-sufficiency—producing what you can consume and taking an internal focus—is built on the early thinking of Afro-Guyanese economist C.Y. Thomas (1974). The idea of remaking community economic development in Canada for Indigenous people is rooted in ideas of the Black diaspora. Building on this connection, we need to add a fourth discourse to include the experiences of BIPOC Canadians in co-operatives. These experiences will speak not only to an alternative model for business but also to inequality and business exclusion in Canada.

Disrupt the dominant discourses on co-operative experience

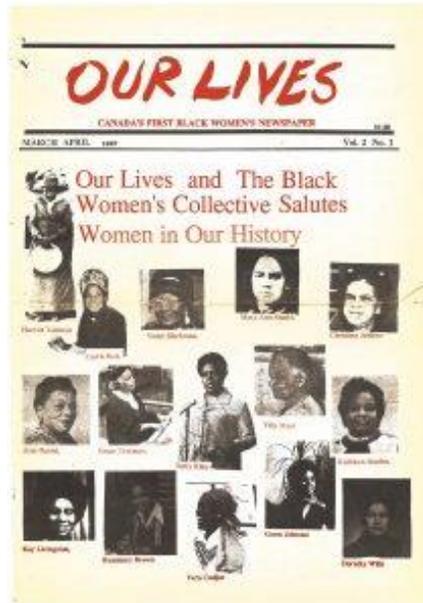
Ian MacPherson (1979; 2007; 2009; 2012), a leader in co-operative studies in Canada, recognized that the formation of co-operatives by racialized immigrants came in waves. Japanese Canadians were particularly resourceful in developing marketing co-operatives, but they were forced off their lands during the Second World War. Jo-Anne Lee et al. (2017), for example, listed a dozen Japanese-Canadian fishing co-operatives that were shut down by the government of Canada as part of the process of confiscating property and interning Japanese Canadians during the Second World War (p. 552). MacPherson (2007) finds that Koreans, Filipinos, and Sikhs from India have formed co-operatives in banking, medical services, and job creation (p. 134)—diaspora contributions that are largely unknown. A pattern emerges from the co-operative development that ethnic minorities establish for themselves as a pathway to access goods and services.

A number of scholars have explained that co-operatives in Canada have failed to open their membership to racialized groups—and open membership is an important principle for co-operatives. The housing co-operative sector presents particular challenges. Raphaël Fischler et al. (2017; 2013) describe the difficulties of social integration of immigrant households in co-operative housing, where new racialized immigrants come into conflict with existing housing co-operative residents in Montreal. Similarly, in her thesis, Gisele Yasmeen (1993) finds that there is a conflict between new racialized immigrants and existing co-operative members of a feminist housing co-operative in Montreal, citing “race relations” (p. 92) and surveillance by other co-op members as some of the disadvantages of co-operative housing. Cultural and linguistic differences also serve as barriers between Haitian and white French Canadians, in which mutual aid could be valuable.

Thomas (1974; 1988) works to transform economies away from the binary of Marxism or capitalism in a way familiar to Black people, especially those who migrate from oppressive and racially class-tiered societies. Black people are intuitively aware of the need for self-sufficiency in their own locales, away from elites. This is why self-help and co-operative work are culturally relevant, very much like the Neechi principles. The many examples of the faltering and failure of Black co-operatives in Canada signals that there is no help for Black co-ops in the country. Existing co-ops are not culturally diversified to meet the needs of newcomers.

There are, however, stories of success. Lee and Curry (2015) have discovered a successful housing co-operative by a primarily Chinese community in Vancouver. Jorge Sousa (2015, p. 67) describes the successful transformation of a social housing complex into the Atkinson co-operative by immigrant residents in downtown Toronto, the first complex of its kind in Canada. The Atkinson case highlights the role of co-operation in community development, specifically how co-operative principles can work to uplift marginalized communities. Canada’s first Black paper for women, *Our Lives*, was started by the Black Women’s Collective (1986–1989) in Toronto, documenting racism and sexism in society (see Photo 2). Members paid monthly dues and the collective emphasized solidarity and education (*Rise Up!* 2020; Haritaworn et al., 2018; Stikeman & Brand, 1991; Black Women’s Collective Constitution, 1988). For the Black Women’s Collective it was pragmatic for the members to use co-operative structures as a way to band together to fight against racism.

Photo 2: The cover of an issue (1991) of *Our Lives*, Black Women's Collective in Toronto



Source: *Rise up! A Digital Archive of Feminist Activism*

The 2020 Black protests revealed more than ever a need to culturally diversify the membership in Canadian co-operatives and related academic associations. The late Ian MacPherson (2012), who played a leadership role in the global co-op sector, argued that we need to culturally diversify the sector:

An important point was the recognition, in the Voluntary and Open Membership principle, that co-operatives should be open to people without “gender, social, racial, or religious discrimination”. Given the different attitudes towards gender equality around the world at the time, this was not achieved without debate, particularly in some southern countries. Similarly, the idea that race should not count was not always easily accepted in places where it demonstrably and historically did. (p. 119)

Several works have examined the failed efforts of the Black diaspora in a number of domains in the country, and many of these limitations are due to the hostile racist environment (Nelson & Nelson, 2004; Clairmont & Magill, 1999; Winks, 1997; Du Bois, 1907). Examples of these cases include the Toronto United Negro Credit Union formed in the 1920s by members of Marcus Garvey's Universal Negro Improvement Association (Toney, 2010; Lewis, 1987); and the Commonwealth Co-operative Buying Club, the community collective credit initiative that the Toronto United Negro Association grew out of in the 1920s (Lewis, 1987). The Toronto United Negro Association, in turn, formed a Credit Union in the 1940s (Gooden, 2019). Another credit union was formed through Canada's first Black Union, the Order of Sleeping Car Porters, as early as 1937 in Winnipeg, Manitoba (Gordon Nembhard, 2014; Mathieu, 2001, 2002; Chateauvert, 1997). These associations were helpful during these difficult years of overt racism and discrimination.

More recently the Black diaspora has tried to create its own credit unions. A first effort was made by the Jamaican Canadian Association in 1963 in Toronto, but it had to fold because of management issues (“Jamaican Canadian Association,” n.d.). The Seaview Credit Union was created in 1969 in response to racism in the historical Black Canadian town of Africville, Nova Scotia. However, this bank did not last because members did not repay loans, signalling that the credit union did not have the support needed to develop its capacity (Clairmont & Magill, 1999, pp. 14-15). These results amplify the failure of the established co-operative system to assist other co-operatives, which is a core co-operative principle (see ICA, n.d.). In 1993, the Caribbean African Canadian Credit Union was

launched in Toronto but failed due to various internal matters as well as a withdrawal of government funding after a change in the ruling party (Haliechuk, 1993; Hemeon, 1993).

Black Canadians want co-operatives led by people of colour, and they know the value of being co-operators; yet no government has assisted these co-ops with capitalization. The cases also raise the question of whether established credit unions have adhered to the ICA principles of aiding co-operative development. Meanwhile in the United States, Black co-operatives do exist despite a past that has been destroyed by “white competitors (who) used slander, violence, murder, physical destruction, and economic sabotage” (Gordon Nembhard, 2014, p. 29). There seems to be no shortage of documentation that speaks to the failed co-operative experiences among the diaspora. Negative media reports on cases that have failed do not put these experiences within the context of racial capitalism.

Credit unions that serve African Americans reach people alienated by the formal financial sector. For years economist Curtis Haynes’ work (2019, p. 130) has documented Du Bois’ thinking about “the condition of Black America”, which called for Blacks to create their own economic means. A “racial isolation”, Haynes (2019, p. 130) argues, “transcended all other social differences” and underpinned Du Bois’ ideas of racial co-operation. Haynes (2019) finds that collective action by Black communities is a means by which to respond to harsh socio-economic conditions. The fact that there is no Black Canadian-led credit union or co-operative is telling.

The *Toronto Star* recently reported on the efforts of African Canadian organizations to develop a Pan African Credit Union (Miller, 2020) to provide financial access to Black entrepreneurs and Black-owned businesses, recognizing the systemic barriers faced by populations of colour. In July 2020, the Pan African Credit Union with the Jamaican Canadian Association and Lion’s Club had a steering committee meeting via Zoom to discuss the market study and to understand the capitalization requirement.

Politicized solidarity and the Black co-operator experience

There are reportedly more than 200 million people of African heritage living in the Americas and the U.N. has dedicated a decade (2014-2023) to observe the contributions of the African diaspora, and yet its co-operative experience is virtually unknown in Canada. The Black social economy is an epistemology that is aimed as politicized work that co-opts business forms and makes them co-operative, often informally, as a way to reach those left out of mainstream society (Hossein, 2019; 2020). A review of the International Labour Organization’s (ILO) website and its material reveals that there is limited material covering collective and informal co-operatives of racialized people in the West.

Political economy focused on racial minorities would benefit from drawing on theories that reflect the Black experience. Mutual aid was part of survival for enslaved and colonized Black people in the United States, Canada, and the Caribbean (e.g., Marcus Garvey’s Universal Negro Improvement Association (UNIA) member-based movement). Black people in the diaspora are aware of this history and the continued ways group economics help them in dominant white/ened societies (Hossein, 2017b). Haynes (2019) has written a detailed article positing that W.E.B Du Bois’ commitment to co-operatives was a way to counteract a racist society; as early as 1907, Du Bois, a Harvard-educated African American, advanced the theory of group economics among Black people to withstand white racist power. In 1901, Booker T. Washington (2013[1901]), imagining a world in which Black people did not have to fear lynching, devoted resources to anti-lynching campaigns. The Underground Railroad (1790-1860s) organized covertly and moved slaves from the United States into Canada, and this is often viewed as a co-operative movement that faced many challenges (Gordon Nembhard, 2014).

Black minorities, drawing on these ideas, have always used various forms of co-operation to cope in society (Haynes, 2019; Gordon Nembhard, 2014; Rothschild, 2009). Hossein (2013; 2017a) points out that ROSCAs, organizations primarily run by racialized people, are a form of co-operation that is often overlooked. The African diaspora in Canada, the United States, and Europe use these systems as a way to combat exclusion. In a recent MA thesis, Michael Tadesse (2020) documents the Ethiopian diaspora’s use of Equub as a way to cope with racism in Berlin, Germany. Dutch academics Julie-Marthe Lehmann and Peers Smets (2019), through numerous interviews, have uncovered that Ghanaians and Nigerians in Amsterdam engage in ROSCAs as a form of group business and banking

to help one another in an exclusionary environment. Black people in the West are thus actively engaged in co-operatives; but their form of informal co-operation is unacknowledged as a way to democratize banking.

The Underground Railroad (1790s-1860s) and True Bands

Mutual aid, self-help groups and ROSCAs are largely absent from academic literature. Stories that focus on racialized people in Canada are even harder to come by. Du Bois' (1907) research examined collective forms of African business, and this historical grounding inspires the Black diaspora outside of the African continent. The Underground Railroad is one example. Black Canadian scholar and owner of the Buxton Museum in southwestern Ontario, Bryan Prince (2004) explains that the Underground Railroad was a

secret network of good hearted people, black and white, who risked their safety and their lives to help fugitives find their way to Canada. Over thirty thousand people are estimated to have found safety and a new home in Canada prior to the American Civil War, and the constitutional amendment of 1865, which finally put an end to slavery in the United States. (p. 44)

The Underground Railroad was, without a doubt, a co-operative. It relied on the pooling of economic resources and good will to help enslaved Black people escape poverty. This form of co-operative had to be hidden because of the dangers of moving people into freedom, which could result in death. When the Africans settled into Canada, in towns like Buxton, Ontario, "true bands" were created to help people receive the goods they needed to live.

The historical context for the development of Black co-operatives in Canada must take into account these precursors of formal co-operatives developed by free Blacks that settled in Canada. Gordon Nembhard (2014, p. 34) describes self-sustaining communal Black farms and communes operating in Wilberforce, Ontario as early as 1831, a finding that predates the Desjardins and Antigonish movements. Lia Haro and Romand Coles (2019) argue that true bands by Black immigrants had to operate underground because they would be seen as breaking the law and could endanger the newly arrived Black refugees (p. 658). Benjamin Drew (1856) documented some of the earliest first-hand accounts of co-operatives and Black folks who escaped slavery to Canada. He defined true bands as co-operatives: "A True Band is composed of colored persons of both sexes, associated for their own improvement. Its objects are manifold: mainly these: the members are to take a general interest in each other's welfare; to pursue such plans and objects as may be for their mutual advantage" (p. 236).

Michael Hembree (1991) emphasized the importance of true bands for the integration of Black people who did not want to be dependent on handouts or charity in these communities. In 1853, a Black convention held at Amherstburg in Essex County in Ontario established vigilance committees in eight communities to coordinate relief for the refugees. The first true band society was funded by its own members in Maiden in 1854; and by 1856, Black people had organized 14 similar societies (Hembree, 1991, p. 321). Shirley Yee (1994) describes the critical role true bands played in the 1800s in the organizational networks that sustained Black communities who faced racism after they settled in Canada through the Underground Railroad. She finds:

Perhaps the best-known Black Canadian benevolent organizations were the "true bands." In 1856 Benjamin Drew counted fourteen of these organizations in Canada West. The goal of the bands was to foster independence by raising money to improve schools, providing temporary assistance to needy Black families, and caring for the sick. (p. 62)

Counting ROSCAs, self-help groups and mutual aid collectives as co-operatives

Harvard's Henry Louis Gates' (2018) *Africa's Great Civilizations*, a six-hour series on PBS, documents the co-operative effort to build kingdoms in Ethiopia and the Dahomey. The Ghana Susu co-operative system is highly revered and the state has regulated aspects of it (Aryeetey & Steel, 1994). Fritz Bouman (1995) argues that it is impossible to know the origins of these ancient rotating savings systems.

It is hard to locate the beginnings of co-operatives among the African diaspora in Canada. As long as people migrated by way of the Underground Railroad and as immigrants, they brought their co-operative systems, including the true bands as far back as the 1800s. For example, the Hornsey Co-operative Credit Union in England was formally

registered by West Indian immigrants in 1962 and later merged with the London Capital Credit Union in 2013 (Greaves, n.d.; O'Connell, 2009). African Americans started with mutual aid associations and built formal community focused credit unions (Rothschild, 2009; Haynes & Gordon Nembhard, 1999; Stewart, 1984).

The data about BIPOC co-operatives in Canada is missing or too old. The Canadian Worker Co-operative Federation (2009) and the Canadian Co-operative Association (2011) published reports more than a decade ago explaining why racialized Canadians do not form co-operatives. Some reasons included: a lack of awareness of what co-operatives are; lack of support from other organizations; limited financial means; lack of time; challenges with language, culture, and academic education; differing cultural definitions of what it means to be a co-operative. These reasons (read: excuses) deny that there is inaction by established co-operatives to assist informal co-operatives. Black Canadians know about co-operative systems, but due to the racist environment have had to organize below the radar for fear of being harassed.

One form of informal co-operative institution is ROSCAs, which are purposefully informal. ROSCAs are not underdeveloped co-operatives. Members voluntarily organize and join in these groups rooted in values of democracy, equity and voice. Racialized Canadians in my decade-long empirical work tell me that they understand the co-operative model, and studies which repeat the narrative that they do not are problematic. What is missing is the technical and financial support to ensure culturally diverse co-operatives. A study by the University of Toronto (Maiorano et al., 2017) revealed that credit unions in the Greater Toronto Area (GTA) were not located in racially marginalized communities, and it was more likely for the few offices they had to be in affluent parts of the City of Toronto. Meridian Credit Union, for example, has offices at Yonge & Sheppard, The Danforth, and The Beaches. A review of LinkedIn profiles by research assistants suggest that senior management in the prominent credit unions lacked cultural diversity in the leadership teams and on the boards.

Hiding in plain sight: ROSCAs and mutual aid by immigrants

Black Canadians have been hiding in plain sight in terms of co-operatives because being informal does not count in the co-operative sector. Black Canadian scholars (Walcott et al., 2019; James et al., 2010; Mensah, 2010) have all noted that the negative impact of the legacy of slavery in Canada persists in the systems we have today and affects Black life in education, housing, business and the law. It is due to systemic racism that Black people, especially women, have created informal financial co-operatives. The hundreds of Black Canadian women I have interviewed over the years have had to approach their informal co-operative systems with discretion because of the unsafe living environment and bias they encounter every day.

Photo 3: Photo of one scene in the film, *The Banker Ladies*.



Photo by author.

Black Canadian women hide their ROSCAs because they worry that the informality of these systems would be viewed harshly. Being routinely discriminated against and treated as inferior makes marginalized people opt for secrecy and

keeping a low profile on what they do (Hossein, 2020; 2018a; Gordon Nembhard, 2014). *The Banker Ladies* documentary film (dir Mondesir, 2020) shows how Black women from the Caribbean and Africa participate in various forms of banking co-operatives to counteract business and social exclusion. For centuries, African and Caribbean women around the world have mobilized scarce resources in low-income communities (Hossein, 2017a, 2018a, 2018b; Ardener & Burman, 1996). Sidney Mintz (2010) documented the use of a *sistem praktik* that relied on collectives, such as Sol, by the local sellers (*Madam Saras*) to create a vibrant marketplace. Gordon Nembhard (2014) found that African American women in Alabama created the Freedom Quilting Bee Co-operative to feed, shelter, and help their families and communities meet their needs, as well as to mitigate the harms of white supremacy. Feminist economists Deborah Figart (2014) and Ngina Chiteji (2002) have also shown how informal banks in the United States structured as co-operatives prove to be cost effective forms of financing for racialized Americans.

The ROSCAs that are informally organized among the GTA's Black diaspora are diverse, with women representing 15 countries in Africa and the Caribbean. Many other newcomers to Canada—from Pakistan, China, Korea, Mexico, Sri Lanka, Ecuador, and India to name a few—also run and participate in ROSCA systems. “Natla,” a 35-year-old married Sudanese Canadian woman I interviewed in Toronto in 2015, saw this system as the only one to help her settle into Canada:

Who knows me here when I first come from Sudan [pause]. No one. I can't even speak English back then. Sandoog [an informal co-operative bank] give me friends and a chance. I buy [bought] my airplane ticket back home and bring my children for there [for vacation]. Sandoog helped me so much when I came to Canada. I swear to my God for it.

Documented experiences of racism in the behaviour of mainstream banks can explain why racialized people choose to participate in alternative banking services. In December 2014, Haitian Canadian Frantz St. Fleur was arrested on the suspicion that he was trying to deposit a fraudulent check from Remax at his Scotiabank branch in Toronto's east end, where he had been a customer for ten years (Hossein, 2018b; Alamenciak, 2014); it turned out the check was credible. In January 2020, Maxwell Johnson and his 12-year-old grand-daughter were handcuffed by police after the Bank of Montreal (BMO) wrongfully suspected them of illicit behaviour (Sterritt, 2020); in this case, as well, it turned out the suspicions were groundless. And in February 2020, Egyptian Canadian Dana Ramadan went into the Royal Bank of Canada in the west end of the GTA where tellers allegedly accused her of illegal activities for wanting to withdraw her own money (Paradkar, 2020).

Given these experiences, it seems logical that people would turn to informal institutions for help. In *Hard Choices*, Jerry Buckland (2012) examines a number of reasons why excluded people go to alternative providers like Payday lenders, but he does not consider ROSCAs as an alternative. In fact, no one is thinking about ROSCAs as co-operatives that help people. ACORN Canada has reported that only 3 percent of the population (i.e., 842,000 Canadians) are unbanked, meaning they have no access to financial services (ACORN, 2016). Less is known about Canadians who are “underbanked”. Why do critics examine ROSCAs as a way to address banking exclusion? This term “underbanked” refers to people who have bank accounts but only engage with accounts minimally to make deposits. ROSCAs are seemingly helping excluded Black Canadian women access lump sums of monies to meet livelihood needs.

Black Canadian women I interviewed like “Fardowsa,” a Somali-born Canadian and resident of Jane and Finch in Toronto explained the cultural aspect of ROSCAs:

We are bringing change through our own banking ways. Hagbad. It helps me to keep doing what I do when they (critics who do not know about informal co-operatives) look at us in a weird way to say it's our culture. We show we can do it [business] ourselves and also ... is a social thing ... We drink tea and talk.

This statement reveals that beyond exclusionary issues, Black Muslim women like “Fardowsa” opt to join ROSCAs called Hagbad because of the informality of these cultural co-operatives. The Somali Hagbad meetings are reminiscent of the kitchen meetings of the male fisher folks in the Antigonish movement who wanted to try a co-operative system so that they had a voice. Somali Canadians gather in the safe space of someone's home or the

room of a local community centre to discuss their lives and the politics of the day while enjoying a potluck of tea, fish samosas and rice before getting to the group business.

Conclusion: Going beyond Rochdale to understand the Black Canadian co-operator experience

The African diaspora have been leading co-operatives for a very long time. African people in bondage and fighting for social justice held onto collective money systems they knew well and had to do so in secret (St. Pierre, 1999; Stewart, 1984). The timelines of group co-operation for African people began well before the Rochdale weavers of England.

Knowing the legacy of hidden co-operatives within informal spaces, is important to the Canadian co-op sector. This also means that there is a real need to widen the definition of co-operative to ensure that ROSCAs and other mutual aid groups of BIPOC Canadians are included. Black people have always known about co-operation due to a treacherous lived experience of racial capitalism (Robinson 1983). They have had to purposely hide what they do, and they collectively agitate to meet their goals (Hosseini, 2019; Gordon Nembhard, 2014). The Afro-Guyanese economist C.Y. Thomas was instrumental in forming the Neechi principles, which guide co-operative economic development in Canada today; yet there is a convenient imagination that newcomers do not know about co-operatives. The erasure of Black people in the literature and in actual membership of formal co-operatives is happening. In 2020, the global body on co-operativism, the International Co-operative Alliance, has no formal representation of the African diaspora, and the closest representative is the portfolio of Africa.

On 21st October 2020 at the fourth annual Co-op Impact conference of the National Cooperative Business Association, Professor Jessica Gordon Nembhard's lecture made it pointedly clear that co-ops can be racist in spite of the principle of "open membership." Ignoring the Black experience because the Black co-operators sought refuge is part of the co-operative story for the Western world. The Underground Railroad is a towering example of economic co-operation that had to be informal because it was risky as Black people were escaping slavery.

Valuing the informal co-operative experience is how Canadian co-operatives will attract Black Canadians and especially Black women to the movement. Informal co-operativism needs to feature prominently in the co-operative narratives in Canada. Knowledge of the work of true bands is carried through oral history and includes many details to locate how these co-operatives helped slaves to settle into Canada. ROSCAs, mutual aid and self-help groups all comprised of deliberately informal co-operatives are used by BIPOC Canadians across the country. These variations should be considered in the context of where the African diaspora live and why cooperating is done this way. The Black Banker Ladies who organize ROSCAs operate their ROSCAs out of the public view because they are stigmatized and their funds have been confiscated because informal co-operatives are not recognized as mutual aid and self-help. Future research should be moving the state along the path of subsidizing mutual aid and informal co-operative development as a way to address inequities.

By ignoring the value of informal co-ops of the African diaspora, the co-operative movement misses out on the benefits of Black and mostly women-led co-operatives. Now that the sector understands that erasure of the Black co-operator experience has happened, there is a need to repair this harm from within the sector. At every turn I am making the case that there is a need for a national ROSCA network to be led by BIPOC women (not men) and this is vital. Black women, particularly those from low and middle income backgrounds, are proving to be the very epitome of trustworthiness and co-operation. The women should be viewed as the experts on how equitable banking functions in an anti-Black racist society. This may be the opening that is needed for a declining co-operative sector to boost its membership and to culturally diversify. But the co-op sector will first have to look at how to make their own institutions representative of cultural diversity at every level, and then evolve to recognize scholarship and practice by BIPOC Canadians in co-operative development.

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Notes

¹ I use Joseph Mensah's (2010) definition of Black in *Black Canadians*.

² See more about the Underground railroad at The Harriet Tubman Historical Society website: <http://www.harriet-tubman.org/>

³ A publication focused on the theory of C.Y. Thomas in Canada's economic development sector is forthcoming.

⁴ Term first coined by the late Bajan scholar Kamau Brathwaite (1981) and also used in Tiffany Lethabo King's recent work (2019) in *The Black Shoals*.

⁵ This article is guided by the ideas of economist C.Y. Thomas at the University of Guyana in the Institute of Development Studies program who mentored my doctoral field work in 2010.

Analysis of Entrepreneurial Performance of Multi-purpose Co-operative Societies in Abi Local Government Area of Cross River State, Nigeria

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Abstract: This study analyzes the entrepreneurial performance of the membership of multipurpose cooperative societies in Cross River State of Nigeria. The study examined the impact of factors such as availability of infrastructure, use of local resources, availability of training programmes, availability of credit from financial institutions, location of the business, government support, the effectiveness of management, availability of market facilities and favourable natural conditions on the performance of cooperative small scale businesses. The study employed the double sampling method where 150 cooperators were randomly sampled from 400 members of five randomly selected cooperative societies in Abi Local Government Area of Cross River State. The ordinary least square (OLS) regression approach and descriptive statistics approach were used in analyzing the data obtained for the study. The findings of the study revealed that the factors that significantly impact positively on the performance of cooperative small scale businesses include the availability of infrastructural facilities, government support, availability of market facilities, and favourable natural conditions while the provision of credit facilities by financial institutions was found to negatively impact on the performance of cooperative small scale businesses at 5% level of significance. The obtained regression model was found to be adequate and useful for the estimation of the performance of cooperative small-scale businesses with R-square value of 68% and a significant F-value of 12.78 at 5% level of significance. The study recommends the need for governments to establish training and research centres for cooperative small-scale operators to enable them to acquire requisite skills and knowledge on the provision of credit facilities by the financial institutions in Nigeria and evidence-based administration of their businesses.

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Keywords: Entrepreneurial performance, cooperative societies, small businesses, Nigeria

Introduction

The cooperative organization is defined in so many ways by different scholars and cooperative economists. A socialist approach to the definition of cooperative sees it as an important step in the socialist process of transformation from capitalism and eventually to communism. Various types of cooperative societies exist. Farmers' Multipurpose Cooperative societies play a dynamic role in the socio-economic development of the nation. This type of cooperative society takes into account all the agricultural oriented activities of the farmers' socio-economic life. Usually, cooperatives have common small scale businesses apart from the member-patron business economic unit. The performance of these small scale enterprises of the cooperatives goes a long way to show the extent of sustainability of the cooperatives in Nigeria, where many cooperatives are no longer viable because of several factors, such as non-attendance to meetings, poor record-keeping, low capitalization, infighting and conflict situations, inadequate regulatory framework, weak business management, insufficient production and economic and financial crises.

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A cooperative is not an end in itself, but a means to achieve certain goals. One of the primary goals of a cooperative society is the advancement of the members' economic interests, protecting and maintaining the economic independence of the small entrepreneurs by balancing economic weakness through the pooling of resources and thus achieving economies of scale. A high-level goal of the cooperative is to eliminate the competitive capitalistic system and replace it with an economic system based on cooperation.

The importance of small scale businesses in developing countries cannot be underestimated. The definition of small scale, however, varies from one country to another. Nzilibe (1996) posited that perhaps the most functional definition is the one made by the United Nations Industrial Development Organization (UNIDO), which suggests that a small scale business is characterized by at least two of the following:

- i. ownership and management are usually in the same individuals, that is, management is not independent of owners,
- ii. the small scale business controls a small share of the markets and therefore constitutes a small quota in the large-size market,
- iii. capital is made available by the owner and policy decisions are in the hands of the individual or small groups of entrepreneurs,
- iv. the area of operation is localized and workers and owners concentrate on the local community, and
- v. the owners participate very actively in all decision making on a day to day operational basis with a high degree of rigid control. In Nigeria, these small scale businesses tend to enjoy the advantages of lower taxes or non-taxation, lower or relaxed government regulations and lower overhead expenses.

Small enterprise development is increasingly seen as a crucial ingredient of strategies to create employment and to alleviate poverty. The smallest firms play a crucial role in economic development. Small enterprises provide jobs for between a third and a half of the labour force in many economies (Udechukwu, 2003). In developing countries, small enterprises contribute to the alleviation of poverty. Small enterprises also form a pool from which larger enterprises such as cooperative apex organizations may grow. Atoloye (2007) discussed that the ability of small enterprises to grow depends in part on the efficiency with which capital is channeled towards them. The smallest enterprises present unique challenges for capital markets. They have high birth and mortality rates, and their owners often have few assets, which can be used for collateral. The desired loans are generally of small size. Given the administrative cost, traditional collateral-based lending may not be profitable. Anyanwu (2003) acknowledged small and medium enterprises as the bedrock of the industrial development of any country, pointing out that apart from the numerous goods produced by small and medium enterprises, they provide veritable means of large-scale employment, as they are usually labour intensive. According to him, they also provide training grounds for entrepreneurs even as they generally rely more on the use of local materials. These contributions thus explain why governments and international agencies mobilize efforts toward the realization of sustainable industrial growth and the creation of mass employment through the rapid growth and development of small scale enterprises. Olorunshola (2003) opined that the concept of small and medium enterprises is relative and dynamic. According to him, the definition changes over a period and depends largely on a country's level of development. Lawrence (2003) maintained that while finance is not the only problem militating against the development of the small and medium enterprises sub-sector, it is certainly the most formidable. He argued that government-sponsored schemes for the concessionary financing of the sub-sector have petered out. Adelaja (2003) argued that access to institutional finance has always constituted a pandemic problem for small and medium enterprise development in Nigeria. He recalled that in the past, several schemes have been put in place to provide special credit lines/windows for small and medium enterprises but this achieved very limited impact. He further maintained that despite the roles played by small and medium enterprises in the Nigerian economy, the sub-sector has continued to suffer from other myriads of problems, which include inadequate planning information on the market, high cost of production, inadequate indigenous technical expertise and inadequate supply of domestic raw materials.

Objectives of the Study

The aim of the study is to determine the factors affecting the entrepreneurial performance of the multipurpose cooperative societies in Abi Local Government Area of Cross River State of Nigeria. The specific objectives are:

- i. to formulate an appropriate regression model for estimating the performance of cooperative small scale businesses, and
- ii. to identify the factors that impact on the performance of cooperative small scale businesses on members' welfare.

Review of Relevant Literature

Determinants of an entrepreneur's performance

By determinant, one refers to the factors that are decisive for entrepreneurial performance. The determinant of entrepreneurial performance could be a single factor or multiple factors, depending on a given situation. Katz and Kahn (1966) focused on behavioural aspects such as loyalty, reliability and innovativeness as necessary determinants of organization performance. Swayne and Tucker (1973) identified four determinants of entrepreneurial performance: personal characteristics, financial resources availability, technology and political regulations. These exist in addition to management problems of varying degrees facing entrepreneurs.

Reimann (1975) considered management as the basic determinant of organizational performance. Oni (1988) identified a group of environmental factors as determinants of performance: these are economic, politico-legal, socio-cultural factors and the body of government incentives. Inegbenebor (1995) singled out the structure of the entrepreneur's organization as the determinant of performance. The determinants of entrepreneurial performance are multi-dimensional, just as in the cases of emergence and behaviour. They included both personal and environmental factors. Some of these factors (i.e. size or structure, technology, and communication) are internal to the entrepreneur's organization. Human elements in the nature of management and employees are also important. Therefore, it could be seen that entrepreneurial performance and organizational performance are complex concepts. Dess and Robinson (1984) stated that regardless of the framework chosen, operationalizing such complex concepts was inherently difficult. Because of the complexity, organizational performance is viewed in this study as the totality of organization goodness. Organization performance viewed in this way includes elements of both economic and behavioural components (Macy and Mirvis, 1976). In dealing with theoretical concepts, such as organization performance, one could not but agree with Katz and Kahn (1966) in their views where they stressed that such a concept should begin with input, output, and the functioning of the organization as a system, that is, including all the processes involved and not only the rational purposes of its leaders. Gaerthner and Ranmmarayam (1983) also expressed similar views by noting that there were four (4) major levels of analysis in evaluating organization performance. These are: i. Individual-level, ii. Subunit level, iii. Organization level, and iv. Organization-environment level. This study adopted the individual, organizational and organization and environmental levels of analysis.

Performance is described in this paper as what it takes to be successful in qualitative and quantitative terms in a particular field. Three frameworks of assessing performance based on the literature have been highlighted. These represent broadly the goal systems and contingency approaches. It is also shown that the criteria for assessing organizational performance are as varied as there are writers on the concept. The relevant individual, groups and situations would determine the set of criteria that are applicable. In addition, the literature revealed that the determinants of entrepreneurial performance include both personal and environmental factors. At the personal level, the characteristics of the individual including physical fitness are relevant determinants. The environmental determinants range from socio-cultural, economic, political and technological factors among others. The perception of the entrepreneurs in this study was analyzed to ascertain the determinants of their performance. This will be at both personal and environmental levels. In fact, each entrepreneur is both a self and a business organization. This is because the entrepreneur is the central figure behind such an organization.

The literature reviews on the independent variables have shown the emergence phase as distinct from the behaviour and performance phases. Several factors were shown to influence entrepreneurial emergence. These include social

relations, economic factors, ecological factors, previous work experiences, training and development, formal education, political factors and innovation among others (Killy, 1965; Akeradolu – Ale 1975; Osoba, 1987; and Bouwen and Steyaert, 1990). Entrepreneurial behaviour is also influenced by several determinants ranging from social relations, political, economic, technological, ecological, training and development and previous work experiences among other factors (Stevens and Gumpert, 1985; Singh, 1986, and Lewis, 1989). It was also reported that the performance of entrepreneurs was equally influenced by a combination of determinants. These include economic, social relations, political, technological and ecological determinants. Others are training and development, formal education, previous work experiences and the internal structural arrangements (Swayne and Tucker, 1973; Drucker, 1985; Dess and Robinson, 1983; Shan 1990; and Ogundele, 2007). It could be seen that multiple determinants affect the three processes of emergence, behaviour and performance of entrepreneurs. In addition, these determinants affect them in combinations. This tended to lend support to a multi-factor and interactive approach to entrepreneurial study. Writers that emphasized the single-factor approach include Akeredolu-Ale (1975) on historical approach, Singh (1986) on developmental approach and Inegbenebor (1995) on structural approach, all of which gave a partial explanation of the entrepreneurial phenomenon. The works of a number of researchers on entrepreneurship in Nigeria are relevant to the focus of this paper. These are Schatz (1962 and 1964); Harris and Rowe (1966); Haris (1971); Kilby (1971); Akeredolu-Ale (1975); Osoba et al (1987); Inegbenebor (1995); Ogundele (2000); Lawal (2005) and Hassan (2006). These serve as representative studies on entrepreneurial performance in Nigeria.

Methodology

The study was carried out among five cooperative small scale businesses in Abi Local Government Area of Cross River State of Nigeria. Abi Local Government is one of the 19 Local Government Areas of Cross River State. The inhabitants of the Local Government Area engage in farming, trading and fishing as their major economic activities. The population of the study comprises ten cooperative societies in Abi Local Government Area with a total membership of four hundred. These cooperatives are: Agbara Multipurpose Cooperative Society Limited; Akarefor Multipurpose Cooperative Society Limited; Ezomezom Multipurpose Cooperative Society Limited; Akpoza Traders Cooperative Society Limited; Ediba Farmers' Cooperative Society Limited; Lekpacheel Thrift and Credit Cooperative Society Limited; Elemiegbele Multipurpose Cooperative Society Limited; Abe-Ugo Farmers' Cooperative Society Limited; Esomezom Thrift and Credit Cooperative Society Limited; and Etotom Thrift and Credit Cooperative Society Limited.

The present study employed the random sampling technique in selecting five cooperative societies out of ten cooperative societies which are virile and viable in the area under study. The profiles of the five randomly selected cooperative societies are presented in Table 1. Also, a random sample of 30 members /respondents were selected from each of the five randomly selected cooperative societies to constitute one hundred and fifty members/respondents selected for the present study. Primary and secondary sources of data were collected and used. Oral interview and questionnaire methods constituted the primary sources of data, while books, records of the Divisional Cooperative Officer and journals formed the secondary sources of data.

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Table 1: Profiles of the five randomly selected societies

S/N	Names of organization	Date of Formation	Location	Membership strength	Activities
1	Ezomezom Multipurpose Cooperative Society	15 th August 1976	Ezomezom community	20	Farming, Rice Milling, Gari processing and oil processing, etc.
2	Etotom Thrift and Credit Society Limited	20 th February 1980	Etotom community	15	Accepting saving from members, credit/loans extension, disbursement and monitoring of loans, etc.
3	Ezomezom Fishery Cooperative Society Limited	7 th July, 1970	Ezomezom community	40	Purchasing of fishing tools and selling of members' products.
4	Akpoza Traders Cooperative Society Limited.	27 th Nov. 1984	Akpoza community	25	Buying and selling of Palm oil, Palm kernel, Gari, Rice, beans, melon, etc.
5	Ediba Farmer Multipurpose Cooperative Limited	3 rd March 1979	Ediba Town	50	Planting and harvesting of Palm trees, Yam, Cassava, Mazi, Rice, Wheat Cocoa, etc.

Source: Divisional Cooperative Officer, Abi L.G.A., Cross River State, 2019.

Factors Determining the Performance of Cooperative Small-Scale Businesses

An attempt to identify factors determining the performance of cooperative small scale business was undertaken. For each of the determinants, brief explanations are provided below. All the determinants become operational as dummy variables.

- i. Availability of infrastructural facilities, like water, electricity, etc., whether they affect cooperative performance. This variable is equal to one when it affects performance and is zero otherwise.
- ii. Use of local resources such as hoe, cutlass, etc., whether it affects productivity or not. It is equal to one when it does and zero when it is otherwise.
- iii. Availability of training program. Whether training programs organized for members can help in determining performance. It is equal to one when it does and zero when it is otherwise.
- iv. Availability of credit from financial institutions. Whether credit extension to members can boost cooperative performance. It is equal to one when it does and zero when it is otherwise.
- v. Location of business. Whether business premises will increase cooperative performance or not. It is equal to one when it does and zero when it is otherwise.
- vi. Government support through grants, loans, subsidy, and extension services to members. Whether it is a determining factor for cooperative performance or not. It is equal to one when it is and zero when it is otherwise.
- vii. Effectiveness of management. Whether the management of the various societies under study is efficient and effective or not. It is equal to one when it is positive and zero when it is otherwise.
- viii. Availability of market facilities. Whether their farm produce gets to the final consumers in time or not. It is equal to one when it does and zero when it is otherwise.

- ix. Favourable natural conditions. This implies whether natural endowment can help increase agricultural production or not. It is said to help when it is equal to one and zero when it is otherwise.

The statistical tools employed for analyzing the data obtained for this study include the ordinary least square (OLS) regression analysis, tables, and percentages.

Regression analysis involves examining the nature of the relationship between a dependent variable and one or more independent variable(s).

The explicit specification of the regression model is presented below:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \dots + \beta_9 X_9 + e \quad (1)$$

Where,

Y = Performance index of cooperatives which is an average rating of responses on the effectiveness of their societies in carrying out their services such as supply agricultural marketing, processing, the supply of consumer goods and crop production.

X₁ = Availability of infrastructural facilities like water, electricity (I = yes, O=no)

X₂ = Use of local resources (I = yes, O=no)

X₃ = Availability of training programme (I = yes, O=no)

X₄ = Availability of credit from financial institutions (I = yes, O=no)

X₅ = Location of business (I = yes, O=no)

X₆ = Government support (I = yes, O=no)

X₇ = Effectiveness of management (I = yes, O=no)

X₈ = Availability of market facilities (I = yes, O=no)

X₉ = Favourable natural conditions (I = yes, O=no)

e = Error term

α = is the intercept and β_1 to β_9 are the regression coefficients to be estimated, while e is the error term designed to capture other variables not included in the model.

The hypothesis for this study is stated as:

H₀: The factors such as availability of infrastructural facilities, training, provision of credit, business government support, the effectiveness of management, availability of market facilities, and favourable natural conditions do not significantly impact on the performance of cooperative small scale business.

Data Analysis and Discussion of Result

Age:

The below table provides details of the age distribution of the respondents.

Table 2: Distribution of Respondents According to Age

Age	Frequency	Percentage
16-30	40	26.7
31-45	62	41.3
46-60	38	25.3
61 and above	10	6.7
Total	150	100

Source: Field Survey, May 2019.

The result of Table 2 shows that 26.7% of the respondents fall between 16-30 years, 41.3% of the respondents are between 31-45 years, 25.3% of the respondents are within the age limit of 46-60 years, while 6.7% of the respondents are 60 years and above. This result indicates that the majority of the cooperative members fall between 31-45 years which implies that the majority of the cooperative members fall within the active population.

Occupation:

The below table summarizes the major activities of the respondents involved.

Table 3: Distribution of Respondents According to Occupation

Occupational status	Frequency	Percentage
Processing	20	13.3
Marketing	15	10
Fishery	40	26.7
Trading	25	16.7
Farming	50	33.3
Total	150	100

Source: Field Survey, 2019.

The result obtained in Table 3 shows that 13.3% of the respondents are engaged in cooperative processing of small business, 10% of the respondents are involved in the marketing of farm produce, 26.7% of the respondents are involved in fishery, 16.7% are involved in trading, sales of grocery items and marketing of farm inputs, while 33.3% of the respondents are involved in farming activities.

Gender:

Table 4: Distribution of Respondent According to Gender

Gender	Frequency	Percentage
Male	100	66.7
Female	50	33.3
Total	150	100

Source: Field Survey, 2019.

The result obtained in Table 4 shows that 66.7% of the respondents involved in cooperative small scale businesses in the area are male while 33.3% of the respondents are female.

Income Status:

The below table summarizes the income range of the respondents.

Table 5: Distribution of Respondents According to Income per Month

Income Range	Frequency	Percentage %
₦10,000 – ₦30,000	50	33.3
₦31,000 – ₦50,000	79	52.7
₦51,000 – ₦70,000	10	6.7
₦71,000 – ₦90,000	11	7.3
₦91,000 – ₦110,000	5	3.3
Total	150	100

Source: Field survey, 2019.

All the respondents are income earners. From the above table, it is clearly stated that 50 respondents representing 33.3% earn between 10,000-30,000 naira per month in their economic business activities. 79 respondents representing 52.7% earn between 30,000 and 50,000 naira in small business activities. 10 respondents representing 6.7% earn between 51,000-70,000 naira per month. 11 respondents representing 7.3% earn between 71,000-90,000 naira per month, while 5 respondents representing 3.3% earn between 91,000-110,000 naira per month.

Educational status:

Table 6: Distribution of Respondents According to Educational Status:

Educational background	Frequency	Percentage
No formal education	42	28
Primary	50	33.3
Secondary	37	24.7
Tertiary	21	14
Total	150	100

Source: Field survey, 2019.

The result obtained in Table 6 shows that 42 respondents representing 28% had no formal educational background but they have skill and knowledge, 50 respondents representing 33.3% had primary education, and 37 respondents representing 24.7% acquired secondary education, while 21 respondents representing 14% acquired tertiary education.

Table 7: Major Activities of the Selected Cooperative Small-scale Business

Items	Frequency	Percentage
Input supply	25	16.7
Credit/loan facilities	30	20
Agricultural marketing	40	26.7
Agricultural processing	20	13.3
Crop production	35	23.3
Total	150	100

Source: Field Survey, 2019.

The responses in the above Table 7 show that 16.7% of the respondents agreed the major activity of their society is to supply inputs to their members, 20% said that the major activity of their society was to give credit/loan facilities to their members, 26.7% opined that the major activity of their society was the marketing of agricultural produce, while 23.3% said that the major activity of their society was operating and producing crops.

Contribution of the Cooperative Small Business to Socio-economic Development

The result presented in Table 8 analyzes the various ways through which cooperative small scale businesses help in the development of members' welfare.

Table 8: Economic Contribution of Cooperative Small-scale Business

Area of Contributions	Frequency	Percentage
Creation of employment	120	80
Development of entrepreneur skills	90	60
Mobilization and utilization of financial resources	50	33.3
Aid large industries	75	50
Form the basic local technology	40	26.7

Source: Field Survey, 2019.

The responses obtained in Table 8 show that 80% representing 120 respondents believed that cooperative small scale businesses create employment opportunities for members as well as non-members thereby increasing members' self-reliance. 60% representing 90 respondents said it helps in the development of their entrepreneurial skills while 33.3% representing 50 respondents believed that it helps in mobilization and utilization of financial resources, which would have been otherwise kept idle, and channeled them to productive uses. 50% representing 75 respondents also said that it aids large industries in the sense that small businesses form an integrated agro-industry and growing urbanization in different parts of the country, while 26.7% representing 40 respondents agreed that cooperative small scale businesses form small units operating and innovating indigenous technology to suit a particular need and utilizing the local value of resources, products, equipment and manpower.

Table 9: Summary Result of OLS Model for Identifying Factor(s) that Impact on the Performance of Cooperative Small Scale Businesses

	Coefficients	Standard error	t-statistic
(Constant)	1702414		
X ₁ Availability infrastructural facilities	371.97	(221.57)	(1.68)*
X ₂ Use of local resources	-1003.65	(4444.92)	(-0.23)
X ₃ Training	2478.81	(7838.50)	(0.32)
(X ₄) Provision of credit facilities by financial institutions	-1247.36	(655.38)	(-1.90)*
X ₅ Location	-71.53	(495.20)	(-0.14)
X ₆ Government support	24643.96	(2379.14)	(10.36)
X ₇ Management activities	-643.94	(1621.54)	(-0.40)
X ₈ Availability of market facilities	1788.84	(1302.15)	1.37*
X ₉ Favourable natural conditions	2.70	(23.57)	(0.12)*
Significant at 5% level			
R ²	=	0.68	
Adj. R ²	=	0.63	
F*	=	12.78*	

Dependent Variable: Cooperative Effectiveness Index

Note: * represents statistical significance at a 5% level

The results obtained in Table 9 find that factors such as X1 (Availability of infrastructural facilities), X6 (Government support), X8 (Availability of market facilities), and X9 (Favourable natural conditions) have a positive significant impact on the performance of cooperative small scale businesses since their respective coefficients were positive and t-values significant at 5% significance level. Also, variable X4 (Provision of credit facilities by financial institutions) was found to have a negative significant impact on the performance of cooperative small scale businesses with a negative coefficient and t-value significant at 5% significance level. This result indicates that changes in the availability of infrastructural facilities, government support, availability of market facilities and favourable natural conditions will positively influence the performance of cooperative small scale businesses significantly while changes in the provision of credit facilities by financial institutions are expected to negatively influence the performance of cooperative small scale businesses.

The model obtained an adequate coefficient of determination (R²) value of 0.68 which indicates that the explanatory variables were able to explain about 68% of the total variation in the dependent variable "Cooperative Effectiveness Index". Also, the F-value for the model was found to be significant at 5% level of significance with a measure of 12.78, which implies that the model is useful in estimating the performance of cooperative small scale businesses within the observed period.

Conclusion and Recommendations

The small scale business sector has been identified as an effective tool for rapid industrialization of the Nigerian economy. However, small scale businesses in Nigeria are largely not properly structured, labour intensive and of low-level capacity in management. This prompted the need to determine the factor(s) that can impact the growth of cooperative small scale business in Abi local government area of Cross Rivers State, Nigeria. The findings of the study revealed that the factors that significantly impact positively on the performance of cooperative small scale

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businesses include the availability of infrastructural facilities, government support, availability of market facilities, and favourable natural conditions while the provision of credit facilities by the financial institutions was found to negatively impact the performance of cooperative small scale businesses.

The findings indicate that members of the cooperatives are benefiting from the services the cooperatives are rendering to them in terms of input supply, agricultural marketing, agricultural processing, crop production and supplying members with consumer goods.

In the course of the present study, a multitude of problems facing the multipurpose cooperative societies in Cross River State and indeed Nigeria were encountered. Some of these problems include unfavourable environmental conditions in terms of poor or non-existent infrastructure like bad roads, housing and epileptic power supply. Other major problems which have contributed to the poor entrepreneurial performance of cooperative small scale businesses are inadequate access to finance, high cost of short-term financing, dearth of requisite managerial skills, inefficiency in the administration of incentives that discourage rather than promote small scale business growth and low entrepreneurial skills arising from inadequate educational and technical know-how. Since the present study identified factors such as availability of infrastructural facilities, government support, availability of market facilities, and favourable natural conditions to have a positive significant impact on small scale business growth, there is an urgent need for appropriate policy formulation and implementation on availability of infrastructural facilities, government support, and availability of market facilities to ease the sufferings of Nigerian small scale businesses. Also, governments should tackle accelerated development and upgrade rural and urban infrastructural facilities in favour of local manufacturers and small scale business operators.

However, it was observed that the mortality rate of small scale businesses is high which can be attributed to the negative significant impact of the provision of credit facilities by financial institutions, lack of favourable natural condition, and lack of required skills and knowledge to positively manage the business. We recommend that governments should establish training and research centres for cooperative small scale operators to enable them to acquire requisite skills and knowledge on the provision of credit facilities by financial institutions in Nigeria and evidence-based administration of their businesses. To complement government efforts and realize the objectives of revamping cooperative small scale businesses, it is recommended that small business promoters and entrepreneurs must brace up to the challenges posed by environmental factors to succeed in their entrepreneurial pursuits.

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Heterogeneity and Commitment to Collective Action: An Empirical Study of a New Zealand Dairy Co-operative

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Abstract: This paper presents and empirically tests a novel framework that links member heterogeneity with member commitment to collective action (CCA). Member heterogeneity was first decoupled into three dimensions – 1) farmer-member, 2) farm-business and 3) member-interest and was then linked to CCA and the two components that comprise it - 1) commitment to patronage (CP) and 2) commitment to governance (CG). Following which the framework was assessed by performing an empirical study of 568 members of Fonterra Co-operative Group. A total of 35 sources of heterogeneity, 9 farmer-member, 14 farm-business and 12 member-interest were used to measure heterogeneity. The study found that the membership base of this co-operative was heterogeneous because a high level of heterogeneity was found in all three dimensions - farmer-member (66%), farm-business (64%) and member-interest (83%). Moreover, as the CCA level was also high, it tends to suggest that high heterogeneity does not lead to low commitment to collective action. Several of the 35 sources showed a significant difference in CCA ($n = 18$), CG ($n = 20$) and CP ($n = 12$) between groups that comprised them. Further, our findings tend to indicate that there is a relationship between the farm-business and member-interest dimensions of heterogeneity and CCA, CG and CP but not the farmer-member dimension.

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1. Introduction

As voluntary organizations, co-operatives are based on a democratic decision-making process that rests upon collective participation, cohesion among members, and balance of countervailing powers (Hendrikse & Bijman, 2002). In agricultural co-operatives, an essential element for success is that the farmer-members are willing to supply the co-operatives with raw products, capital, and managerial inputs (Fulton, 1999). For this to take place member commitment is important (Staat, 1989; Anderson & Henehan, 2005). In other words, success of the co-operative depends on the members' commitment to collective action; wherein collective action refers to initiatives taken by an identifiable group to realize their common interests (Gray & Kraenzle, 1998).

However, farmers differ in their individual commitment to participate in the co-operative (Cechin, Bijman, Pascucci, Zylbersztajn, & Omta, 2013). Importantly, co-operative scholars have reported a decrease in members' participation in co-operatives (Harte, 1997; Holmstrom, 1999; Levi & Davis, 2008; Nilsson, Svendsen, & Svendsen, 2012). Whether members behave opportunistically (Cook, 1995; Nilsson, Kihlén, & Norell, 2009) or as free-riders (Bhuyan, 2007), the main reason for this change in farmers' behaviour is attributed to the phenomenon of concentration and restructuring of agricultural co-operatives (Lang & Fulton, 2004; Nilsson et al., 2012). Österberg and Nilsson (2009) suggest that farmers find themselves in large, diversified and international co-operatives with a heterogeneous membership base; and with strategy so complex that farmers find it difficult to understand.

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This phenomenon of heterogeneity of membership has been claimed to have a negative effect on the efficiency of co-operatives (Cechin, Bijman, Pascucci, Zylbersztajn, et al., 2013). It may become particularly problematic when co-operatives become larger and/or more diverse in their activities, and where different activities of the co-operative cater to different groups of members (Fulton & Giannakas, 2001). Hansmann (1996) argues, the more heterogeneous the membership the more difficult to achieve goal congruence and, thereby, the higher will be the decision-making costs. Heterogeneity due to large memberships may also generate passivity because some member categories do not get their interests well attended to (Österberg & Nilsson, 2009). Furthermore, as the management obtains few, unclear, and conflicting signals from a heterogeneous membership, there is a risk that neither the board of directors nor the Chief Executive Officer (CEO) can interpret what the members want them to do (Cook & Iliopoulos, 2000; Hendrikse, 2007).

Increase in heterogeneity among members over the life span of a co-operative can be due to factors that are either external or internal to the co-operative organization (Cook, 2018). The external factors include divergence in farm size, multiple farming strategies, cooperative consolidation through merger and acquisition, and changing consumer demand (Bogetoft & Olesen, 2003; Cook, 2018; Weersink, 2018). Similarly, the endogenous or internal organizational processes include divergence in equity allocation, patron drift, membership growth, substitution effects, diversification and special interest groups arising internally that seek to apply pressure on management (Staatz, 1987; Cook & Burrell, 2009; Iliopoulos & Valentinov, 2017; Cook, 2018). However, increasing heterogeneity due to either exogenous or endogenous factors are likely to lead to similar issues for the co-operative (Cook & Burrell, 2009).

While several scholars have highlighted the role, importance and impact of heterogeneity on co-operatives, empirical studies that examine heterogeneity and map out its expression are lacking. Often, member heterogeneity appears as an assumption in theoretical models or becomes visible in significant coefficients of member, farm and product characteristics as independent variables (Hoehler & Kuehl, 2018). As a result, the picture of member heterogeneity and its impact on co-operatives is largely incomplete (Hoehler & Kuehl, 2018); and a comprehensive understanding of member heterogeneity and its dimensions is missing (Cook & Iliopoulos, 2016).

Österberg and Nilsson (2009) argue that there is an increasing need to study member behaviour within large and complex agricultural co-operatives. Moreover, given the trend towards increase in members' detachment and decrease in participation, it is important that co-operatives understand such attitudes and behaviours of its members, and what could perhaps be causing them (Fulton & Adamowicz, 1993; Birchall & Simmons, 2004; Bhuyan, 2007; Nilsson et al., 2012; Cechin, Bijman, Pascucci, Zylbersztajn, et al., 2013). Such studies are integral to the very survival of the co-operative business model (Österberg & Nilsson, 2009). However, very few studies have examined the behaviours of farmers and the antecedents of these behaviours in the specific context of agricultural co-operatives (Barraud-Didier, Henninger, & El Akremi, 2012; Cechin, Bijman, Pascucci, & Omta, 2013; Cechin, Bijman, Pascucci, Zylbersztajn, et al., 2013).

Importantly, the impact of heterogeneity on the capacity of individuals to self-organize and sustain collective action is highly contested. These concepts are generally used in the social science domain to describe the relationship between a group and a common pool resource. Although empirical studies have explored the relationship between group heterogeneity and the performance of common property institutions (Varughese & Ostrom, 2001; Poteete & Ostrom, 2004), none have explored this relationship within the context of agriculture co-operatives. Also, the relationship between heterogeneity and member commitment, which is a multidimensional attitudinal concept, has not yet, to our knowledge, been studied in the context of agricultural co-operatives. Moreover, a critical aspect to overcoming the perceived heterogeneity problem in agricultural co-operatives is to ensure members reconcile their differences and exhibit a commitment to the collective good or collective action. Yet, empirical research on this phenomenon is lacking.

We strive to address these gaps by pursuing two main objectives. First, to disentangle heterogeneity in agricultural co-operatives, and develop a measure for it. Second, to present and test a framework that explores the links between heterogeneity and members' commitment to collective action in a large New Zealand agricultural co-operative.

Heterogeneity and Commitment to Collective Action: An Empirical Study of a New Zealand Dairy Co-operative

We contribute to the literature on member heterogeneity and commitment in at least three ways: 1) we develop a new theoretical framework for linking member heterogeneity and commitment to collective action in co-operatives; (2) based on the framework, we distinguish heterogeneity in agricultural co-operatives into three dimensions- i) farmer-member, ii) farming-business and iii) member-interest; and (3) by measuring heterogeneity and exploring its link with commitment to collective action, we provide a much-needed empirical assessment of important phenomena that have been suggested to impact co-operative performance.

The next section of this article covers the theoretical framework. This is followed by the third section which deals with the methodological aspects of the study carried out on a sample of 568 members of Fonterra Co-operative Group, a large dairy co-operative in New Zealand. The fourth section focuses on the results and the fifth section presents a discussion of these. The conclusions, limitations and possibilities for future research are presented in the sixth section.

2. Theoretical Framework

For the purpose of this research a novel framework that allows for the examination of two important phenomena in agricultural co-operatives, heterogeneity and commitment to collective action, is conceptualized. In the framework, a strong emphasis is given towards objectively examining these two phenomena in agricultural co-operatives via outcomes that can be anticipated and measured. The way in which results are measured, and demonstration of clearly observable results, are necessary to further enhance the understanding of agricultural co-operatives. To achieve this, as a first step, a description of heterogeneity and commitment to collective action, and an identification of the dimensions that comprise them is required.

2.1 Heterogeneity

A core feature of co-operatives is that they are characterised by collective decision making and self-governance (Apparao, Garnevaska, & Shadbolt, 2019). As heterogeneity is perceived to affect this feature, it impacts the performance of co-operatives (Apparao et al., 2019). Moreover, the heterogeneity (diversity) of co-operatives' membership is increasing (Simmons & Birchall, 2004). For example, Elliott, Elliott, and Sluis (2018) project future changes to cooperative member heterogeneity such as greater member aging, more member asset value, greater value-added dollars at the farm level, and greater diversity of farm size. This increase in heterogeneity is because, as co-operatives become larger and more diverse in their operations, membership becomes increasingly heterogeneous (Nilsson et al., 2012). Globalisation and international expansion of co-operatives coupled with structural changes in the farming sector have led to further magnification of the differences between farmer members. Consumer demand for higher quality and more variety have resulted in an increase in diversification at farm level (Bogetoft & Olesen, 2007). Moreover, in search of efficiency gains and additional bargaining power, co-operatives are seeking new members and merging partners outside their original areas (Hoehler & Kuehl, 2018).

Increase in member heterogeneity is suggested to be a major challenge for co-operatives (Bijman, Hanisch, & Van der Slangen, 2014). Scholars have argued that members with different characteristics and conflicting interests are inclined to compete for rents (Kalogeras, Pennings, van der Lans, Garcia, & van Dijk, 2009). When members possess disparate preferences for attribute alternatives, disagreements can emerge as to which combination is most desirable (Zusman, 1992). As discussed by Vitaliano (1983), Cook (1995), and Hansmann (1996), the divergence in incentives and preferences is particularly problematic for the assignment of contractual property rights among members with diverse characteristics.

Collective decision making costs (Staatz, 1987; Bijman, 2002), agency costs (Gorton & Schmid, 1999) and influence costs (Iliopoulos & Cook, 1999) are believed to be greater in co-operatives than in investor owned firms (IOF). Increased heterogeneity of co-operatives and their members is suggested to be an important reason for further increase in these costs and resulting decrease in competitiveness of co-operatives (Fulton & Giannakas, 2001; Bijman, 2002; Bogetoft & Olesen, 2004). More specifically, since the control of co-operatives is structured democratically, heterogeneity is likely to generate transaction costs to co-operative decision-making. As argued by Hansmann (1996), an increase in these transaction costs results in higher decision-making costs in co-operatives relative to IOF's. Similarly, according to Pozzobon, Zylbersztajn, and Bijman (2011), as a consequence of

heterogeneity, decision making in traditional co-operatives is likely to be more costly than in IOF's. Hansmann (1996) further posits that farmers are the most efficient owners of agricultural co-operatives because the costs of market contracting are highest for farmers while their cost of ownership is lowest. The low cost of ownership for farmers is because of high homogeneity of interest amongst farmers (Hansmann, 1996).

On the whole, increasing heterogeneity leading to conflicting preferences can generate problems in co-operatives (Kalogerias et al., 2009) such as decline in member commitment (Fulton & Giannakas, 2001), decrease in member willingness to supply equity capital (Van Bekkum, 2001), increasing costs related to damaging influence activities (Cook, 1995), tedious decision making process (Hansmann, 1996) and lack of strategic focus (Hendrikse & Bijman, 2002). Increasing heterogeneity could therefore present challenges to cooperative sustainability (Elliott et al., 2018), particularly in traditional co-operatives where structural adaptations in response to member heterogeneity have not been made (Cook & Iliopoulos, 2016). Moreover, as a result of more diverse members, it is increasingly difficult for the co-operative to demonstrate that it is acting in the best interests of all members (Fulton & Giannakas, 2001).

2.1.1 Dimensions of heterogeneity

It is important to examine the dimensions of member heterogeneity in co-operatives since it helps to identify the sources of conflict potential and adopt governance structures to meet the needs of the members e.g. by introducing advisory boards for different producers or by establishing new ways of organising and financing the co-operative (Kalogerias et al., 2009). Moreover, identifying the attributes, levels and factors of member heterogeneity enhances the co-operatives' ability to meet the needs of the members (Kalogerias et al., 2009). Despite its importance, very few scholars have taken a step in this direction.

Cook and Iliopoulos (1999), in their study of influence costs, identified eight factors that can be used to explain the degree of heterogeneity. These factors were in order of importance - 1) differences between members in terms of volume of production, 2) variance in members' education levels, 3) the geographic dispersion of membership, 4) differences between members in terms of farm objectives, 5) increased non-farm income for some members, 6) variance in members' age, 7) the number of different commodities produced by members, and 8) the number of different inputs procured by members.

Pozzobon et al. (2011) argue that member heterogeneity can be due to - 1) individual characteristics and 2) farms characteristics. The differences in individual characteristics may be due to - 1) demographic characteristics such as age and education, 2) economic characteristics such as percentage of non-farm income; business objectives; risk preference, and 3) individual beliefs. Similarly, the differences in farm characteristics may be due to - 1) farm size, 2) technology, 3) geographical, 4) types of commodities produced, and 5) types of inputs used (Pozzobon et al., 2011). More recently, Hoehler and Kuehl (2018), based on a comprehensive search of 'member heterogeneity' in economic journals, working papers and conference proceedings, suggested that member heterogeneity in agricultural co-operatives can be grouped under three categories 1) farm (e.g. size, location), 2) member (e.g. age, education) and 3) product (e.g. type and quality).

Considering the arguments and suggestions of Cook and Iliopoulos (1999), Pozzobon et al. (2011) and Hoehler and Kuehl (2018), we decouple member heterogeneity into three dimensions, 1) farmer-member, 2) farm-business and 3) member-interest. The farmer-member dimension is based on differences between members in personal characteristics, especially in their age, experience, and educational background (Cook & Iliopoulos, 1999; James & Sykuta, 2006; Höfer & Rommel, 2015). The farm-business dimension includes physical, financial and product quality related properties. It is centred on differences that pertain to the members' farming entities such as size, revenue, product quality, and location (Cook & Iliopoulos, 1999; Österberg & Nilsson, 2009; Cechin, Bijman, Pascucci, & Omta, 2013; Alho, 2015). The difference between members that arises due to their diverging interests (Hansmann, 1999; Kalogerias et al., 2009), such as price and dividend payments, sale of co-operative shares, concern for the co-operative's future, and importance of being valuable to the co-operative is captured under the member-interest dimension.

2.2 Commitment to Collective Action

Olson (1971), in his work titled *The Logic of Collective Action*, questioned the rationale and basis of the foundation of modern democratic thought, and argued that groups will not tend to form and take collective action whenever members jointly benefit. Instead, Olson strongly suggested that rational, self-interested individuals will not act to achieve their common or group interests (e.g. production of a public good), unless there is coercion or some other device to make individuals act in their common interest (Olson, 1971). This argument, which came to be known as the “Zero Contribution Thesis”, formed the basis of the presumption, that individuals cannot overcome collective action problems and need to have externally enforced rules to achieve their long-term self-interest. However, Ostrom (2000) argues that observations in everyday life strongly contradict the zero-contribution thesis. Empirical field work has established that individuals from all walks of life and all parts of the world voluntarily organise themselves so as to gain the benefits of trade, to provide mutual protection against risk and to create and enforce rules that protect natural resources (Ostrom, 2000).

In agriculture, co-operatives are an important collective action group. Through agricultural co-operatives, diverse producers use collective action to come together to make joint investments in processing and marketing facilities, to share a collective reputation, to bargain with supplying, processing and retailing firms, to gain access to markets, and to spread costs of extension services (Bouamra-Mechemache & Zago, 2015). In co-operatives, commitment to collective action can be viewed as the members’ willingness to sacrifice short-term economic gains and make an effort towards the co-operative’s long-term success (Cechin, Bijman, Pascucci, & Omta, 2013).

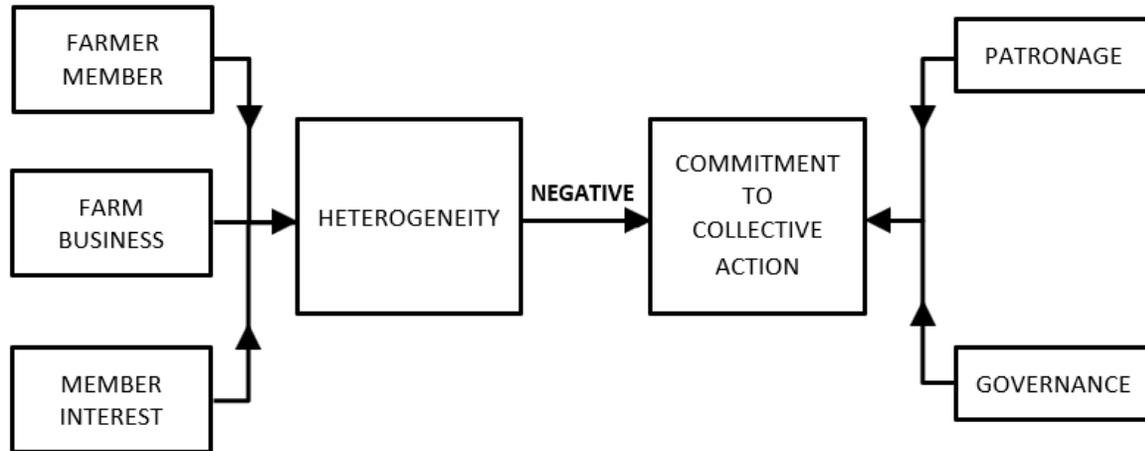
In this study, member commitment to collective action (CCA) is separated into two dimensions 1) commitment to patronage (CP) and 2) commitment to governance (CG). These two dimensions, as well as commitment to collective action in agricultural co-operatives, have already been described and analysed in an earlier research study (Apparao, Shadbolt, & Garnevska, 2020).

2.3 Framework Structure and Hypothesis

The conceptual framework brings together two important phenomena associated with agricultural co-operatives and is structured on the premise that heterogeneity has an important bearing on commitment to collective action. As indicated in Figure 1, the relationship between heterogeneity and commitment to collective action is examined by bringing together the three dimensions of heterogeneity and the two dimensions of commitment to collective action. The framework assumes that each dimension incorporates a number of components (sources) that have been emphasised in research on co-operatives. The farmer-member dimension is comprised of 9 sources, the farm-business dimension is comprised of 14 sources and the member-interest dimension is comprised of 12 sources.

It is hypothesised that the relationship between heterogeneity and commitment to collective action is negative (inverse), i.e. when heterogeneity is high, commitment to collective action is low and when heterogeneity is low, commitment to collective action is high. It is further argued that this relationship is expressed via the associated dimensions. When there is an increase in heterogeneity within one or more of the heterogeneity dimensions, there is a decrease in either or both commitment to patronage and commitment to governance, and thereby a decrease in commitment to collective action.

Figure 1: Conceptual Framework: Heterogeneity and Commitment to Collective Action



Based on the framework, we propose the following hypotheses –

Hypothesis 1: In large and complex co-operatives, there is a high level of heterogeneity, which is indicated by a majority of the sources comprising each heterogeneity dimension showing high to very high heterogeneity.

Hypothesis 2: High heterogeneity will result in a low level of commitment to collective action; as well as commitment to patronage and commitment to governance.

We further propose that if there is high heterogeneity within a source, then there will be a significant difference in CCA, as well as CP and CG between the groups that comprise the heterogeneity source. The basis for this is that heterogeneity can be linked to commitment to collective action by identifying if there is a significant difference in CCA (as well as CP and CG) between the various groups that comprise a source that has high heterogeneity. Similarly, if there is a low level of heterogeneity for a specific source, there will be no significant difference in CCA (and CP & CG) between the groups that comprise the source. Based on this rationale we propose:

Hypothesis 3: For the 9 sources of the farmer-member heterogeneity dimension that showed high or very high heterogeneity, there is a significant difference in commitment to patronage, commitment to governance and commitment to collective action between the groups that comprise the source. There is no significant difference between groups for sources that showed low or very low heterogeneity.

Hypothesis 4: For the 14 sources of the farm-business heterogeneity dimension that showed high or very high heterogeneity, there is a significant difference in commitment to patronage, commitment to governance and commitment to collective action between the groups that comprise the source. There is no significant difference between groups for sources that showed low or very low heterogeneity.

Hypothesis 5: For the 12 sources of the member-interest heterogeneity dimension that showed high or very high heterogeneity, there is a significant difference in commitment to patronage, commitment to governance and commitment to collective action between the groups that comprise the source. There is no significant difference between groups for sources that showed low or very low heterogeneity.

3. Methods

3.1 Background

3.1.1 Dairy Industry and Dairy Co-operatives in NZ

The dairy industry plays a significant role in New Zealand's economy. It provides employment to about 47,310 people and accounts for 28% of NZ's export revenues. Producing 21.3 million tonnes of milk, NZ is the 8th biggest milk producer and the largest dairy exporter in the world, accounting for over 30% of global dairy trade (Shadbolt & Apparao, 2016). In 2017/18, there were 11,590 dairy farms, 4.9 million dairy cows in NZ; and the average dairy farm size was 151 hectares.

Across the world, co-operatives play a major role in the dairy industry, accounting for over 80% of milk production in the U.S.A, Western Europe and Australia (Chaddad, 2007). In New Zealand, the first dairy co-operative was established in 1871. Since then, dairy co-operatives have played a significant role in the NZ economy, and continue to do so (Garnevskaja, Callagher, Apparao, Shadbolt, & Siedlok, 2017). Dairy co-operatives account for over 86% of NZ's milk processing and contribute to about 7.5% of NZ's GDP.

3.1.2 Fonterra

Fonterra Co-operative Group (Fonterra) was formed in 2001, via the merger of three entities, New Zealand Dairy Group, Kiwi Co-operative Dairies, and the New Zealand Dairy Board. With revenues of about NZ\$ 20.4 billion in 2017/18, it is the largest dairy co-operative and also the largest business enterprise in NZ. Fonterra sources about 22 billion litres of milk, which is about 82% of NZ milk production. It is the largest dairy exporter in the world, exporting about 95% of its milk sourced to 140 countries. Fonterra employs 22,000 people across the world and accounts for 25% of NZ's exports. It is governed by an 11-member board (7 elected farmer shareholders and 4 appointed). Farmer shareholders vote for board members on the basis of the number of wet shares they hold, that is, one share per kilogram of milksolids supplied to the co-operative. Additionally, it has a 25 member shareholders' council which represents the views of all Fonterra farmer shareholders as suppliers, owners and investors. Each councillor is elected by farmers within the ward they represent, on the basis of one vote per shareholder farm.

Over a 10-year period, the volume of milk sourced by Fonterra increased by 28%. However, over the same 10-year period Fonterra has seen its share of NZ milk supply decrease from 94% (2007/08) to 82% (2016/17). In 2016/17, Fonterra paid its farmer owners, NZ\$ 6.12 / kilograms of milk solids (kg MS) and a dividend of NZ\$ 0.40 per share. Due to Fonterra's significant exposure to global markets, there has been volatility in both milk price and dividend payments. Milk price has ranged from NZ\$ 3.90 /kg MS (2015/16) to NZ\$ 8.40 /kg MS (2013/14); while the dividend payments have ranged from NZ\$ 0.07 (2007/08) to NZ\$ 0.45 (2008/09) per share.

Fonterra is owned by around 10,000 self-employed dairy farmers who are spread across NZ. Although the final element leading to the formation of Fonterra was the amalgamation of three entities mentioned earlier (i.e. New Zealand Dairy Group, Kiwi Co-operative Dairies, and the New Zealand Dairy Board), the origins of Fonterra can be traced back to the 1870's. The formation of Fonterra is hence characterised by several mergers over the course of many decades. It is reported that there were about 230 dairy co-operatives in the 1960's. These co-operatives were characterised by a unique identity, loyal membership base and strong regional specificity. More importantly there was intense competition between these co-operatives. Over the next three decades, especially in the 1980's and 1990's many dairy co-operatives gradually merged to form larger co-operatives in order to achieve economies of scale. As a result, there were just 3 dairy co-operatives in 2017/18, and the formation of Fonterra was the main outcome and culmination of this process of mergers. As explained by Nilsson and Madsen (2007) mergers between co-operatives are quite complex because a merger involves not only the integration of the business operations of the two co-operatives but also the breaking down of barriers between the members of the two co-operatives and aligning the different ways of thinking within the memberships. Moreover, the merger is further complicated by the concept of heterogeneity – heterogeneity in terms of business activities, logistics, organisational culture, leadership principles, ways of working, and other attributes (Nilsson & Madsen, 2007). Fonterra's large membership base and a foundation based on several mergers of co-operatives that once had a unique identity of their own, and strongly competed against each other, is thought to have introduced considerable member heterogeneity in the co-operative.

3.2 Data Collection

3.2.1 Sample

A survey method was used to collect data on heterogeneity and commitment to collective action. Before the survey, a pilot study was performed using 10 dairy farmers chosen by convenience to inform the development and refinement of the questionnaire. The structured questionnaire that was developed was mailed in July 2017 to a random sample of 2,000 members of Fonterra that was generated by a Fonterra manager. The researchers were blind to the members' names and only had access to the postal contact information of the members. After 6 weeks a reminder was sent out in September 2017 to those members that did not respond. Of the 2,000 surveys that were mailed 294 (15%) were returned by the postal service as being un-deliverable and 576 were returned by the respondents, giving a response rate of 34%. Of these 8 responses were classified as being incomplete and were discarded. Thus, leaving the study with a sample of 568 responses (33%) that were used in the analysis.

3.2.2 Measures

Heterogeneity: As described in the framework earlier, this study captured heterogeneity in agricultural co-operatives along three dimensions: farmer-member, farm-business and member-interest. To achieve this, each dimension was further broken down to its constituent elements or sources of heterogeneity; and the degree of heterogeneity that existed for each of these sources was measured. These sources were included because they are often associated with member heterogeneity in agricultural co-operatives (Iliopoulos & Cook, 1999; Kalogeras et al., 2009; Pozzobon et al., 2011; Hoehler & Kuehl, 2018), and are of specific relevance to heterogeneity within the membership base of NZ dairy co-operatives.

First, we considered gender, age, ethnicity, education, experience in agriculture, experience in share-milking, type of involvement with the farm-business, number of farming entities and years as co-operative member as the sources (n = 9) of farmer-member heterogeneity. Second, farm type, dairy system, seasonality, milk production, milk types, milk quality, gross farm revenue, total dairy assets, total debt, non-farm income proportion, stage of business, shares in the co-operative, share of milk supplied to co-operative and region were considered to be important sources (n = 14) of farm-business heterogeneity. Third, we considered likelihood of selling shares, seasons a low milk price is acceptable, willingness to accept lower dividend, concern for the co-operative's future, importance of being valuable to the co-operative, importance of being a respected member of the community, importance of creating opportunities for future farmers, importance of having time available for socializing with family and friends, importance of having variety in work, importance of looking after the environment, importance of maximizing farm profits, and importance of paying off debts, as the sources (n = 12) of member-interest heterogeneity.

Commitment to Collective Action: The measures used to capture commitment to collective action are explained in Apparao et al. (2020) and were based on the suggestions of Cechin, Bijman, Pascucci, and Omta (2013) and Barraud-Didier et al. (2012). Three statements, farmers' readership of annual reports, attendance at the co-operative's meetings and voting on co-operative matters were considered as an indicator of commitment to governance. Similarly, farmers' propensity for continued supply, importance placed on the relationship with the co-operative, and willingness to invest in the co-operative were considered an indicator of commitment to patronage. Respondents indicated their degree of agreement to each of the six statements on a Likert type 7-point scale (from 1: Strongly disagree to 7: Strongly agree).

3.3 Statistical Analysis

The analysis of data was done using SPSS (IBM® SPSS Statistics). First, a scale reversal was performed for the inverted scale statements. Second, a descriptive analysis of the data set was conducted by determining descriptive statistics such as the median, mode, mean, standard deviation and frequencies of the variables. Third, the construct reliability of the statements used to measure commitment to collective action was determined using the Cronbach Alpha. Fourth, a principal component analysis (PCA) was done to examine and confirm the constituent components of commitment to collective action.

Fifth, the commitment to collective action, commitment to patronage and commitment to governance scores were determined. The commitment to patronage and commitment to governance scores for each respondent was

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calculated by summing the responses for each of the three statements used to measure them. Since the scale length for each statement was 7, the lowest score possible is 3 (3 X 1) and the highest possible score is 21 (3 X 7). Thereafter, the commitment to collective action score for each respondent was calculated as the sum of commitment to patronage and commitment governance scores. The lowest commitment to collective action score possible is 6 (6 X 1) and the highest score is 42 (6 X 7).

Sixth, the Gini-Simpson Index was used to determine the degree of heterogeneity that existed within each source variable. This is one of the most widely used indexes to measure diversity (heterogeneity) and considers the number of different types that exist in the data field of interest and how evenly entities are distributed among those types. Although its origins lie in the field of ecology, it has been widely used in diverse disciplines, such as genetics, sociology, economics, management etc. For example, the Herfindahl-Hirschman index, which is extensively used to measure market concentration in economics and management, is based on Gini-Simpson Index (Rhoades, 1993). The equation used to determine Gini-Simpson Index is given below -

$$1 - \sum_{i=1}^R P_i^2$$

Where R is *richness* and quantifies the number of different types the data field of interest represents. For example, in the case of heterogeneity source variable gender, R is equal to two since the data field of interest comprises of two types, male and female. P_i represents the proportion of individuals that belong to the i^{th} type in the data field of interest. An index value of 0 indicates complete homogeneity, while an index value of 1 indicates complete heterogeneity. We classify heterogeneity in our source variables into five categories based on the index value as follows, 0 to 0.20 very low heterogeneity, > 0.20 to 0.40 low heterogeneity, > 0.40 to 0.60 moderate heterogeneity, > 0.60 to 0.80 high heterogeneity, and > 0.80 to 1.0 very high heterogeneity.

Seventh, for the heterogeneity sources for which correlations could be determined, the Spearman's correlation technique was used to determine if a correlation exists between a heterogeneity source and commitment to collective action as well as commitment to patronage and commitment to governance. Lastly, an analysis of variance (ANOVA) was performed to determine if the commitment to collective action, commitment to patronage and commitment to governance scores differed significantly between groups comprising a source of heterogeneity.

4. Results

4.1 Heterogeneity

Of the 35 heterogeneity sources 5 (14%) showed very high levels of heterogeneity (Gini-Simpson index > 0.80). Two sources each were from the farmer-member and farm-business dimension, while one was from member interest (Table 1). High heterogeneity (Gini-Simpson index > 0.60 to 0.80) was the most frequently observed heterogeneity level. It was observed for 20 (57%) sources. Of these, 4 were from farmer-member, 7 were from farm-business and 9 were from member-interest. Since a majority (71%) of the heterogeneity sources that we measured demonstrated high or very high levels of heterogeneity, the membership base of this co-operative can be considered to be heterogeneous. This finding reinforces the point made by co-operative scholars that large and complex agricultural co-operatives are characterised by a heterogeneous membership base.

Moderate levels of heterogeneity (Gini-Simpson index > 0.40 to 0.60) were observed for 3 (9%) sources, 1 from farmer-member and 2 from member-interest. Low levels of heterogeneity (Gini-Simpson index > 0.20 to 0.40) were observed for 6 (17%) sources. Of these 6 sources, 1 was from farmer-member and 5 were from farm-business. Finally, very low levels of heterogeneity (Gini-Simpson index > 0.0 to 0.20) was observed for only 1 (3%) source, belonging to the farmer-member source type. These findings indicate that some degree of homogeneity exists in the farmer-member and farm-business dimensions but not in the member-interest dimension.

Table 1: Heterogeneity Levels by Heterogeneity Dimension and Source Type

Heterogeneity Level	Gini-Simpson Index	Number of Heterogeneity Sources	Break-up by Heterogeneity Dimension		
			Farmer-Member	Farm-Business	Member-Interest
Very High Heterogeneity	> 0.80	5 (14%)	2 (22%)	2 (14%)	1 (8%)
High Heterogeneity	> 0.60 to 0.80	20 (57%)	4 (44%)	7 (50%)	9 (75%)
Moderate Heterogeneity	> 0.40 to 0.60	3 (9%)	1 (11%)	-	2 (17%)
Low Heterogeneity	> 0.20 to 0.40	6 (17%)	1 (11%)	5 (36%)	-
Very Low Heterogeneity	< 0.20	1 (3%)	1 (11%)	-	-
Total		35	9	14	12

4.2 Commitment to Collective Action

A detailed presentation of the results on commitment to collective action are provided in Apparao et al. (2020). In brief, the 6 statements used to measure CCA were found to be reliable as their Cronbach Alpha was 0.71. The principal component analysis (PCA), showed that two components had eigenvalues greater than the cut-off value of 1 and they explained 61.4% of the variance. The three statements (manifest variables) on *governance* load heavily on Component 1 and the three statements (manifest variables) on *patronage* load heavily on Component 2.

The mean and median CCA score was 26.5 (SD = 6.3) and 27.0 respectively and ranged from 6 (n = 1) to 42 (n = 1). This meant merely 0.2% of respondents obtained the potential maximum score for CCA. However, since both the mean and median scores were greater than the scale mid-point of 21, we believe that this co-operative has moderately high levels of commitment to collective action. The mean and median governance score was 14.1 (SD = 4.1) and 15.0 respectively and ranged from 3 (n = 8) to 21 (n = 16). Only 2.8% of respondents obtained the maximum possible score for governance. The mean (12.4, SD = 3.6) and median patronage score (13.0) was lesser and ranged from 3 (n = 6) to 21 (n = 3). Just 0.5% of respondents obtained the potential maximum score for patronage. Since both mean and median governance and patronage scores were above the scale mid-point (10.5), it suggests that this co-operative has moderately high levels of commitment to governance and commitment to patronage within its membership base.

4.3 Heterogeneity and Commitment to Collective Action

It was hypothesized that there is an inverse relationship between heterogeneity and CCA, CP and CG. Therefore, given that a high level of heterogeneity was observed within the membership base of this co-operative, a low level of CCA as well as CP and CG is expected. However, as explained earlier this was not the case, and moderately high levels of CCA, CP and CG were observed. Although this relationship between heterogeneity and commitment could not be statistically tested, this finding tends to suggest that high heterogeneity need not necessarily lead to low CCA, CP and CG.

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Importantly, a majority of the 25 sources that showed high or very high heterogeneity also showed significant differences ($P < 0.05$) in CCA ($n = 16$), CG ($n = 16$), CP ($n = 12$). Similarly, most of the 7 sources that showed low or very low heterogeneity did not show a significant difference ($P > 0.05$) in CCA ($n = 7$), CG ($n = 6$) and CP ($n = 7$). Of the three sources that showed moderate heterogeneity, there were no differences in CP but one showed differences in CG and two showed significant differences in CCA and CG. These findings are in alignment with our hypothesis that high heterogeneity will result in differences in CCA, CG and CP between the groups that comprise the heterogeneity source, while low heterogeneity will not; and tends to suggest that there is a relationship between heterogeneity and CCA, CG and CP.

4.3.1 Farmer-Member

Of the 9 farmer-member sources of heterogeneity, 2 (22%) had very high heterogeneity and 4 (44%) had high heterogeneity. Since 66% of sources showed high or very high levels of heterogeneity, the membership base of this co-operative can be considered to be heterogeneous with respect to the farmer-member dimension. Moderate (11%), low (11%) and very low (11%) heterogeneity was observed for 1 source each (Table 1). This indicates that a low degree of homogeneity also exists within this dimension. The descriptive statistics on the 9 sources is presented in Table 2.

For the source Gender, low levels of heterogeneity were observed ($GSI = 0.35$) and most respondents were male (77%). Age had a high level of heterogeneity ($GSI = 0.76$) and most respondents (33%) belonged to the age group of 51-60 years. The source ethnicity had a very low level of heterogeneity ($GSI = 0.11$). This was also the lowest level of heterogeneity observed across all 35 sources. Most of the respondents were of European ethnicity (94%) and remaining were of Māori (6%) ethnicity. The question on level of education was the least answered one with only 333 (58.9%) respondents answering the question. It had a very high level of heterogeneity ($GSI = 0.81$) and diploma or trade certificate was the most frequent (24.3%) response. High levels of heterogeneity were observed for the source years' experience in agriculture ($GSI = 0.71$). Most respondents (43.4%) reported that they have 20-30 years of experience in agriculture. A very high level of heterogeneity ($GSI = 0.81$) was observed for the source years' share-milking experience. Most respondents (30.6%) reported that they have 0 years' experience in share-milking, but the median response was 3-5 years. Like in the case of level of education, several respondents ($n = 187$) did not answer the question on the type of involvement with and/or ownership of the farming business. The most frequent response was owner-operator type of involvement (45.9%), and the GSI was 0.73 indicating high levels of heterogeneity. Moderate levels of heterogeneity ($GSI = 0.58$) were observed for the source number of farming entities, and most respondents (55.8%) reported having only 1 farming entity. High levels of heterogeneity ($GSI = 0.73$) were observed for the source years co-operative member and most respondents (35.2%) reported being a member of the co-operative for 20-30 years.

Of the 6 sources for which correlations could be determined, a significant ($P < 0.05$) and positive correlation was observed between 4 sources (age, level of education, years' experience in agriculture, and number of farming entities) and commitment to collective action, as well as commitment to governance (Table 2). This finding indicates that farmers that are older, more educated, have greater experience in farming and are involved with more farming enterprises are more committed to collective action and governance of the co-operative. No significant correlations were observed with commitment to patronage. This suggests that CP is not linearly related with any of the heterogeneity sources that comprise the farmer-member dimension.

A significant difference ($P < 0.05$) was observed in the commitment to collective action scores between groups that comprised just 1 (11%) source (age) of the farmer-member dimension (Table 2). There was no difference in CCA between the groups that comprise the remaining 8 sources. Importantly, since high or very high heterogeneity was observed in 5 of these 8 sources, it suggests that high level of heterogeneity was not related to a significant difference in CCA. Moreover, only four sources fit with our hypothesis of having a high level of heterogeneity and a difference in CCA or a low level of heterogeneity and no difference in CCA. These findings indicate that heterogeneity in the sources that comprise the farmer-member dimension does not lead to differences in commitment to collective action.

There was a significant difference ($P < 0.05$) in the commitment to governance scores between groups that comprised 4 (44%) sources (age, level of education, years experience in agriculture and number of farming entities) of the farmer-member dimension. Three of these sources had a high level of heterogeneity. Two sources that had low heterogeneity did not have a significant difference in CG. However, three sources had a high level of heterogeneity and no difference in CG; and one source (number of farming entities) had a moderate level of heterogeneity and a significant difference in CG. As 5 of the 9 sources aligned with the hypothesis, it tends to suggest that there is a weak association between heterogeneity and CG within the farmer-member dimension.

There was no significant difference ($P > 0.05$) in commitment to patronage scores between groups for all the 9 sources (Table 2). Since 6 of these sources showed high heterogeneity, it suggests that there is no relationship between heterogeneity and CP within the farmer-member dimension.

Table 2: Farmer-Member: Descriptive Statistics of Heterogeneity and Relationship to Commitment

#	Source Variable	N	Median	Mode	Mean	SD	GSI	ANOVA F Values (Correlation Coefficients)		
								CP	CG	CCA
1	Gender	557	NA	Male	NA	NA	0.35	0.55 (NA)	2.26 (NA)	0.18
2	Age	564	51-60 years	51-60 years	4.17	1.34	0.76	0.45 (0.06)	4.79** (0.19**)	2.58* (0.15**)
3	Ethnicity	552	NA	European	NA	NA	0.11	0.14 (NA)	2.73 (NA)	1.49
4	Level of education	333	Diploma &/or Trade Certificate	Diploma &/or Trade Certificate	2.99	1.58	0.81	0.95 (0.07)	2.25* (0.13*)	1.82 (0.10*)
5	Years experience in agriculture	565	30-50 years	30-50 years	4.63	1.03	0.71	0.98 (0.04)	2.74* (0.14**)	1.84 (0.11**)
6	Years share- milking experience	539	3-5 years	0 years	3.32	1.88	0.81	1.08 (-0.06)	0.51 (-0.04)	0.65 (-0.08)
7	Involvement / Ownership of farming business	381	NA	Owner- operator	NA	NA	0.73	1.45 (NA)	1.32 (NA)	1.19 (NA)
8	Number of Farming entities	566	One	One	1.60	0.80	0.58	0.85 (-0.00)	3.74* (0.14**)	1.13 (0.09*)
9	Years Co-op Member	559	20-40 years	20-40 years	3.51	1.08	0.73	0.35 (-0.02)	0.53 (0.03)	0.30 (-0.00)

GSI - Gini-Simpson Index
 CP - Commitment to Patronage
 CG - Commitment to Governance
 CCA - Commitment to Collective Action
 NA - Not Applicable
 Significance level: * $P < 0.05$, ** $P < 0.01$

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4.3.2 Farm-Business

Of the 14 sources comprising the farm-business dimension, 2 (14%) had very high heterogeneity and 7 (50%) had high heterogeneity (Table 1). Since 64% of sources showed high or very-high levels of heterogeneity, the membership base of the co-operative can be considered heterogeneous with respect to the farm-business dimension. None of the sources showed moderate and very low levels of heterogeneity (Table 1). However, 5 (36%) sources had low heterogeneity. This suggests that the farm-business dimension is the least heterogeneous (or most homogenous) of the three dimensions. The descriptive statistics on the 14 sources is presented in Table 3.

Farm type had a low level of heterogeneity (GSI = 0.34) and most respondents (80.5%) only had dairy farms. The question on the type of dairying farming system was the least answered amongst the farm-business questions (n = 499). The most frequent response was system 3 (32.5%) type of dairy farming system and the level of heterogeneity was high (GSI = 0.71). The seasonality of dairy farming had a low level of heterogeneity (GSI = 0.21) and most respondents (88.7%) had only a spring calving system. The volume of milk production had a high level of heterogeneity (GSI = 0.81). Over 50% of respondents had a milk production volume of less than 200,000 kg MS, but the most frequent response (25.1%) was a milk production greater than 300,000 kgMS. Most respondents (86.8%) produced only the conventional type of milk and the level of heterogeneity was low (GSI = 0.24). A low level of heterogeneity was observed for the quality of milk (GSI = 0.39) and the most frequent response (43.7%) was a somatic cell count of 100,000 to 150,000 cells per ml. Gross farm revenue (GFR) had a high level of heterogeneity (GSI = 0.79). More than 50% of respondents had a gross farm revenue of less than 1 million, and the most frequent response was NZ\$ 500,000 – 1 million (27.3%). High levels of heterogeneity were observed for total dairy assets (GSI = 0.64) and most respondents (52.8%) had dairy assets in the range of NZ\$ 2 – 10 million. A high level of heterogeneity (GSI = 0.70) was also observed for total level of debt. More than 50% of the respondents had a total level of debt less than 10 million and the most frequent response (45.8%) was NZ\$ 2 – 10 million. Non-farm income as a percentage of total income was less than 15% for most (84.8%) respondents, and the level of heterogeneity was low (GSI = 0.27). Most respondents (54.7%) reported that they were in the consolidation stage of the farming business, but the level of heterogeneity was high (GSI = 0.64). Similar to milk production, Gini-Simpson Index for the number of shares in the co-operative was 0.81, indicating a high level of heterogeneity. More than 50% of respondents had less than 200,000 shares in the co-operative, but the most frequent response (24.8%) was greater than 300,000 shares. Most respondents (86.8%) reported that they supply 100% of their milk to Fonterra, and the level of heterogeneity was low (GSI = 0.24). The Gini-Simpson Index for region was 0.79, indicating a high level of heterogeneity. Most farming businesses belonged to the Waikato (27.6%) region; and the North Island of NZ accounted for 75% of the farming businesses in our study. This is very similar to the national NZ dairy statistics with Waikato region accounting for 28.8% and the North Island 73% of NZ's dairy farms in 2016/17 (Livestock Improvement Corporation Limited & DairyNZ Limited, 2017).

Of the 9 sources for which correlations could be determined, a significant ($P < 0.05$) and positive correlation was observed between 7 sources (dairy system, milk production, GFR, total assets, total debt, shares in the co-operative and share of milk supplied) and commitment to collective action, as well as commitment to governance. This finding indicates that higher the intensity of the dairy system and larger the milk production volumes, GFR, total assets, total debt, shares in the co-operative and share of milk supplied to the co-operative, greater will be CCA as well as CG. No significant correlations were observed with commitment to patronage, suggesting that there is no linear relationship between any of the farm-business sources of heterogeneity and a member's commitment to patronage of the co-operative.

A significant difference ($P < 0.05$) was observed in the commitment to collective action scores between groups that comprised 7 (50%) sources (dairy system, milk production, milk quality, GFR, total assets, shares in the co-operative, and region) of the farm-business dimension (Table 3). An important implication of this finding is that a member's CCA can differ based on the type of dairy system, volume of milk produced, the quality of milk produced, the gross farm revenue, total assets of the dairy business, number of shares owned in the co-operative, and the region the dairy business is located. Two sources that had high heterogeneity did not have a significant difference in CCA. But more importantly, all 7 sources for which differences in CCA were found also had a high GSI measure of heterogeneity, while 5 of the 7 sources for which no differences in CCA were found had a low measure of

heterogeneity. Since 12 out of the 14 sources fit with the hypothesis, it suggests that there is a relationship between heterogeneity in the farm-business dimension and CCA.

There was a significant difference ($P < 0.05$) in the commitment to governance scores between groups that comprised 7 (50%) sources (dairy system, milk production, GFR, total assets, total debt, shares in the co-operative, and share of milk supplied to the co-operative) of the farm-business dimension (Table 3). Six of these had high heterogeneity while one had low heterogeneity. There was no significant difference between groups for the remaining 7 sources. Of these, 4 had low heterogeneity while 3 had high heterogeneity. As 10 of the 14 sources fit with the hypothesis, it suggests that there might be a relationship between heterogeneity in the farm-business dimension and CG.

There was a significant difference ($P < 0.05$) in commitment to patronage scores between groups for just 2 (14%) sources (milk quality and region). While, there was a significant difference between groups for the source dairy system at the 10% level ($P = 0.06$). All three sources had high levels of heterogeneity. There was no significant difference between groups for the remaining 11 sources. Of these 5 had low heterogeneity while 6 had high heterogeneity. As 8 of the 14 sources fit with our hypothesis, it indicates that there might be a weak relationship between heterogeneity in the farm-business dimension and CP.

Table 3: Farm- Business - Descriptive Statistics of Heterogeneity and Relationship to Commitment

#	Variable	N	Median	Mode	Mean	SD	GSI	ANOVA F Values (Correlation Coefficients)		
								CP	CG	CCA
1	Farm type	558	NA	Dairy	NA	NA	0.34	1.36 (NA)	0.77 (NA)	1.14 (NA)
2	Dairy system	499	System 3	System 3	2.98	1.60	0.74	1.68 (0.02)	5.63** (0.13**)	3.70** (0.10*)
3	Seasonality	565	NA	Spring calving	NA	NA	0.21	0.50 (NA)	1.34 (NA)	1.01 (NA)
4	Milk Production (kgMS/year)	565	150,000 – 200,000	> 300,000	3.92	1.63	0.81	0.68 (0.05)	5.89** (0.21**)	2.83* (0.17**)
5	Milk Types	567	NA	Conventional milk	NA	NA	0.24	0.33 (NA)	1.13 (NA)	0.07 (NA)
6	Milk Quality (SCC/ml)	556	100,000 – 150,000	100,000 – 150,000	3.01	0.91	0.69	2.22* (-0.60)	1.77 (-0.06)	3.01* (-0.08)
7	Gross Farm Revenue (NZ \$)	538	500,000 – 1,000,000	500,000 – 1,000,000	3.46	1.30	0.79	0.51 (0.03)	4.83** (0.19**)	2.42* (0.14**)
8	Total Assets (NZ\$)	540	2 million– 10 million	2 million – 10 million	3.64	0.96	0.64	0.53 (-0.02)	9.07** (0.22**)	3.39** (0.14**)
9	Total Debt (NZ\$)	537	2 million– 10 million	2 million – 10 million	2.64	1.04	0.70	0.11 (0.00)	3.31* (0.14**)	1.07 (0.09*)
10	Non-Farm Income	532	< 15 %	< 15 %	1.21	0.53	0.27	1.85 (-0.08)	0.59 (-0.04)	1.75 (-0.08)
11	Stage of business	539	NA	Consolidation	NA	NA	0.64	0.36 (NA)	0.96 (NA)	0.77 (NA)
12	Shares in Co-op	557	150,000 – 200,000	> 300,000	3.88	1.65	0.81	0.60 (0.06)	7.81** (0.22**)	3.73** (0.18**)

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#	Variable	N	Median	Mode	Mean	SD	GSI	ANOVA F Values (Correlation Coefficients)		
								CP	CG	CCA
13	Share of milk supplied	560	100%	100%	1.21	0.58	0.24	0.61 (0.06)	2.92* (0.09*)	2.19 (0.09*)
14	Region	562	NA	Waikato	NA	NA	0.79	2.03 (NA)	1.77 (NA)	2.27* (NA)

GSI - Gini-Simpson Index
 CP - Commitment to Patronage
 CG - Commitment to Governance
 CCA - Commitment to Collective Action
 NA - Not Applicable
 Significance level: * P < 0.05, ** P < 0.01

4.3.2 Member-Interest

Of the 12 sources comprising the member-interest dimension, 9 (75%) had high heterogeneity, while 1 (8%) had very high heterogeneity. Since 83% of the sources showed high or very high heterogeneity, the membership base of this co-operative can be considered to be heterogeneous with respect to the member interest dimension. Two (16%) sources had moderate levels of heterogeneity. None of the sources showed low and very low levels of heterogeneity (Table 1). These findings indicate that of the three dimensions the member interest dimension is the most heterogeneous. The descriptive statistics on the 12 sources is presented in Table 4.

The most frequent response (33.7%) to the statement *how likely are you to sell some of your co-operative shares in the next five years* was very unlikely. The Gini-Simpson Index was 0.79, indicating a high level of heterogeneity. Most respondents (51.0%) reported that one season or less would be the *period of time a continued (< \$ 5/ kg MS) low milk price payment will be acceptable*. A high level of heterogeneity was observed for this statement (GSI = 0.64). A high level of heterogeneity (GSI = 0.78) was also observed for the statement *how willing are you to accept a lower (< \$ 0.20/share) dividend payment temporarily*. The most frequent response (25.6%) was slightly willing while the median response was slightly unwilling. A very high level of heterogeneity (GSI = 0.84) was observed for the statement *I am concerned about the co-operative's future (15 years from now)*. The most frequent response (19.8%) was slightly agree, while the median response was agree. The Gini-Simpson Index for the statement *I think it is important to be valuable to the co-operative* was 0.72, indicating a high level of heterogeneity. The most frequent response (44.4%) was agree. A high level of heterogeneity (GSI = 0.69) was also observed for the statement *I think it is important to be a valuable member of the community*. The most frequent response (45.8%) was agree. The Gini-Simpson Index for the statement *creating opportunities for future farmers is important to me* was 0.71, indicating a high level of heterogeneity. The most frequent response (41.5%) was agree. High level of heterogeneity (GSI = 0.61) was observed for the statement *it is important that I have time available for socializing with family and friends*. The most frequent response (49.3%) was agree. Moderate level of heterogeneity (GSI = 0.59) was observed for the statement *it is important that I have variety in my work*. Most of the respondents (57.1%) agreed with the statement. Moderate level of heterogeneity (GSI = 0.55) was also observed for the statement *looking after the environment is important to me*. The most frequent response (34.5%) was agree. The Gini-Simpson Index for the statement *producing to maximise profits is important to me* was 0.66, indicating a high level of heterogeneity. The most frequent response (47.8%) was agree. A high level of heterogeneity was also observed for the statement *paying off debts is important to me* (GSI = 0.67). The most frequent response (40.7%) was agree.

A significant (P < 0.05) correlation was observed between 7 of the 12 sources of member-interest heterogeneity and CCA. The commitment to collective action was greater for members who were less likely to sell co-operative shares, more willing to accept a lower dividend, and gave higher importance to: being valuable to the co-operative, being a respected member of the community, creating opportunities for future farmers, having variety in their work, and looking after the environment. Similarly, significant (P < 0.05) correlation was observed between 7 sources of

member-interest heterogeneity and commitment to governance. Six of these sources were the same as CCA. The willingness to accept a lower dividend payment was not correlated with CG. Additionally, farmers who placed greater importance on having time available to socialize with family and friends had a higher CG. Lastly, significant ($P < 0.05$) correlation was observed between 6 sources and commitment to patronage (Table 4). The CP was greater for members who were less likely to sell co-operative shares, more willing to accept a lower dividend, less concerned about the co-operative's future and gave higher importance to: being valuable to the co-operative, being a respected member of the community, and creating opportunities for future farmers.

A significant difference ($P < 0.05$) was observed in the commitment to collective action scores between groups that comprised 10 (83%) sources of the member-interest dimension (Table 4). This finding indicates that the CCA of the members can differ depending on their interests related to: selling co-operative shares, milk price, dividend payments, concern for the co-operative, being valuable to the co-operative, being respected by the community, creating opportunities for future farmers, having variety in their work, looking after the environment and producing to maximise farm profits. High heterogeneity was found in 8 of these 10 sources while 2 had moderate heterogeneity. Two sources that had high heterogeneity did not show significant difference in CCA. Since 8 out of the 12 sources fit with our proposed hypothesis, it suggests that there might be a relationship between the member-interest dimension of heterogeneity and CCA.

There was a significant difference ($P < 0.05$) in the commitment to governance scores between groups that comprised 9 (75%) sources (Table 4). High heterogeneity was observed for 7 of these sources and moderate heterogeneity for 2. Three sources that had high heterogeneity did not show differences in CG. Since 7 out of the 12 sources conformed to our hypothesis, it suggests that there might be a relationship between the member-interest dimension of heterogeneity and CG.

Similarly, there was a significant difference ($P < 0.05$) in commitment to patronage scores between groups for 9 (75%) sources of the member-interest dimension (Table 4). All 9 sources showed high heterogeneity. No difference in CP was found for two sources that showed moderate heterogeneity and one source that showed high heterogeneity. As 11 out of the 12 sources aligned well with our hypothesis, it suggests that there might be a relationship between the member-interest dimension of heterogeneity and CP.

Table 4: Member-Interest - Descriptive Statistics of Heterogeneity and Relationship to Commitment

#	Variable	N	Median	Mode	Mean	SD	GSI	ANOVA F Values (Correlation Coefficients)		
								CP	CG	CCA
1	Likelihood of selling shares	563	Very unlikely	Very unlikely	4.06	1.50	0.79	6.45** (0.21**)	4.70** (0.16**)	8.30** (0.22**)
2	Seasons low milk price is acceptable	552	1 season	1 season	1.87	1.19	0.64	6.75** (0.04)	0.65 (-0.00)	3.56** (0.02)
3	Willingness to accept lower dividend	563	Slightly unwilling	Slightly willing	4.17	1.28	0.78	13.58** (0.35**)	4.38** (-0.06)	10.56** (0.24**)
4	Concerned about Co-op's future	566	Slightly Agree	Agree	4.33	1.82	0.84	3.78** (-0.15**)	3.82** (0.06)	3.69** (-0.06)

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#	Variable	N	Median	Mode	Mean	SD	GSI	ANOVA F Values (Correlation Coefficients)		
								CP	CG	CCA
5	Being valuable to co-op	567	Agree	Agree	5.47	1.27	0.72	26.19** (0.47**)	68.63 (0.64**)	81.58 (0.69**)
6	Being a respected member of the community	566	Agree	Agree	5.70	1.15	0.69	2.86** (0.17**)	8.58** (0.28**)	7.61** (0.26**)
7	Creating opportunities for future farmers	568	Agree	Agree	5.60	1.60	0.71	5.34** (0.19**)	9.62** (0.22**)	10.44** (0.25**)
8	Having time available for socializing with family & friends	566	Agree	Agree	6.11	0.86	0.61	0.82 (0.01)	1.14 (0.12**)	0.82 (0.07)
9	Having variety in work	567	Agree	Agree	6.10	0.85	0.59	1.90 (0.02)	2.92** (0.17**)	2.84** (0.11*)
10	Looking after the environment	566	Strongly Agree	Strongly Agree	6.40	1.02	0.55	1.36 (0.06)	2.87** (0.13**)	2.57** (0.11**)
11	Maximizing farm profits	565	Agree	Agree	5.80	1.31	0.66	2.95** (-0.05)	3.71** (0.15**)	2.77** (0.06)
12	Paying off debts	567	Agree	Agree	5.80	1.53	0.67	1.13 (0.02)	0.27 (-0.01)	0.35 (0.01)

GSI - Gini-Simpson Index
 CP - Commitment to Patronage
 CG - Commitment to Governance
 CCA - Commitment to Collective Action
 NA - Not Applicable
 Significance level: * P < 0.05, ** P < 0.01

5. Discussion

This study had two main objectives. First, we unravelled heterogeneity in agricultural co-operatives into three dimensions, identified the sources that comprised each dimension and provided a novel measure and explanation of them. Second, we examined the relationship between the sources of heterogeneity and a member's commitment to collective action as well as commitment to patronage and governance. In pursuing these objectives, our study has generated some valuable insights that are useful in comprehending the phenomenon of member heterogeneity in agricultural co-operatives (Apparao et al., 2019). This in turn could serve as a starting point for evaluating its implications on co-operative performance and for providing suggestions for developing co-operative structures

(Kyriakopoulos, Meulenbergh, & Nilsson, 2004). Further, by providing an examination of agricultural co-operatives from a socio-psychological perspective, it also aids in the understanding of the relationship between a member and the co-operative, an important aspect that influences co-operative performance (Österberg & Nilsson, 2009). For example, the insights on member heterogeneity can help inform the development of co-operative communication strategies that enhance member commitment (Trechter, King, & Walsh, 2002).

We identified 35 sources of heterogeneity that comprised the three dimensions of heterogeneity – 1) Farmer-member (n = 9), 2) Farm-business (n = 14) and 3) Member-interest (n = 12) and presented a novel measure and explanation of these using the Gini-Simpson Index. Based on this measure we found that considerable heterogeneity exists in this co-operative with all three dimensions measured showing high levels of heterogeneity. As this is a large and fairly complex co-operative a high level of heterogeneity is expected, and this finding is in line with arguments presented by several co-operative scholars (Nilsson, 2001; Birchall & Simmons, 2004; Österberg & Nilsson, 2009; Nilsson et al., 2012; Hoehler & Kuehl, 2018). Moreover, since the foundation of Fonterra was built on several mergers of co-operatives over many decades, a high level of heterogeneity is expected. This is in-line with the arguments presented by Nilsson and Madsen (2007). In addition to the amount of heterogeneity across the 35 sources, the kind of heterogeneity by dimension also showed interesting features and differences. Of the three dimensions the membership base was most heterogeneous in the member-interest dimension with 83% of sources showing high or very high levels of heterogeneity and none of the sources showing low or very low heterogeneity. This indicates that this co-operative is most diverse when it comes to its member-interests and relatively less diverse when it comes to its farmer-member and farm-business dimensions of heterogeneity. Although the term 'member interests' tends to have a range of interpretations within the context of co-operatives, similar to our findings, several scholars have highlighted the significance and impact of heterogeneity that is derived from differences in member-interests (Iliopoulos & Hendrikse, 2009; Kalogeras et al., 2009; Alho, 2015). Interestingly, the farm-business dimensions showed the greatest homogeneity of the three dimensions, with 36% of sources demonstrating low or very low heterogeneity. This suggests that the membership base tends to be more uniform with respect to farm business related properties, which is not surprising as they are all dairy farms. On the whole, as suggested by Hoehler and Kuehl (2018) this knowledge of member heterogeneity and its dimensions can help identify conflict potential and develop governance structures to meet the needs of the members, e.g. by introducing advisory boards for different producers (Kalogeras et al., 2009) or by establishing new ways of financing the co-operative.

It was hypothesised that high heterogeneity will result in low commitment to collective action in agricultural co-operatives. Since this co-operative had high levels of heterogeneity, low levels of CCA were expected. However, this was not the case as CCA, as well as CP and CG, levels were moderately high. This suggests that high heterogeneity does not lead to low commitment, which is similar to findings reported by Varughese and Ostrom (2001). Based on their work on 18 forest user groups in Nepal, Varughese and Ostrom (2001) found that there was a high degree of collective action despite there being significant heterogeneity. They identified that by having good institutional design and mechanisms to manage for heterogeneity the community was able to overcome the negative implications of heterogeneity and achieve high levels of collective action (Varughese & Ostrom, 2001). Similarly, research has indicated that inequality among certain member attributes may motivate collective action and improve team performance (Pelled, Eisenhardt, & Xin, 1999). Further, Ostrom (1990, 2005) based on her extensive work on governance of the commons presented eight design principles for the effective governance of common pool resources. These were 1. Well defined boundaries, 2. Proportional equivalence between benefits and costs, 3. Collective choice arrangements, 4. Monitoring, 5. Graduated sanctions, 6. Conflict resolution mechanisms, 7. Minimal recognition of rights to organise, and 8. Nested enterprise. According to Ostrom (1990) organizations able to design collective choice arrangements that maximize positive externalities related to diversity and reduce relative ownership costs arising from heterogeneity may effectively manage heterogeneity. Although agricultural co-operatives are different from the common pool resources that Ostrom's work is centred on, they too should benefit from the same principles, as similar to groups involved in common pool resources, members of agricultural co-operative must work together to achieve a common goal which is threatened by self-serving behaviours stemming from heterogeneity. It is therefore possible that the challenges presented by heterogeneity in this co-operative are mitigated by having well designed structures in place that are aligned with the design principles identified by Ostrom (1990). Furthermore, based on the widely accepted co-operative lifecycle and classification framework developed by Cook (1995, 2018) Fonterra can be considered to be in Stage 5 of the co-operative lifecycle and classified as a new

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generation co-operative or Sapiro III in structure. Fonterra has put in place mechanisms to bring in outside equity without restructuring as an IOF and developed structures such as increasing share liquidity to ameliorate the issues posed by the five property rights constraints that Cook (1995) has highlighted. As heterogeneity tends to play out via the property rights constraints, by addressing the property rights issues, Fonterra is likely to have mitigated the adverse effects of heterogeneity as well. Importantly, according to Cook (2018) the significant challenges presented by heterogeneity to a co-operative via increased ownership costs can be avoided by the co-operative genius process and the resultant tinkering which includes continuous redesign of collective choice arrangements to achieve regeneration. Fonterra took this approach by changing its ownership rights along with its purpose and culture by adopting tradeable shares (Cook, 2018).

Our study found that there tended to be a relationship between heterogeneity and CCA, CP and CG for the farm-business and member-interest dimensions but not for the farmer-member dimension. This tends to suggest that the higher the heterogeneity in the farm-business and member-interest dimensions, the more likely are there to be differences in CCA as well as CG and CP between the groups that comprise the heterogeneity sources, while heterogeneity in farmer-member sources is not likely to result in differences in CCA. Furthermore, although significant differences in CCA, CG and CP were observed between groups for several sources, it was most pronounced for sources in the member-interest dimension and less for farm-business and much less for farmer-member dimensions. This indicates that of the three dimensions it is the differences in members' interests that is most likely to result in differences in CCA as well as CG and CP. Several scholars have indicated that member-interest heterogeneity could have a significant influence on co-operatives (Hansmann, 1996; James & Sykuta, 2005; Iliopoulos & Hendrikse, 2009; Kalogeras et al., 2009; Iliopoulos & Valentinov, 2018), while differences in farmer-member related properties, such as gender, ethnicity, years as co-operative member, is least likely to result in differences in CCA, CG and CP.

Moreover, significant differences in both CP and CG were observed between groups for several heterogeneity sources in the member-interest dimension such as the likelihood of selling co-operative shares, willingness to accept a lower dividend, concern for the co-operative's future, being valuable to the co-operative and producing to maximise farm profits. However, fewer differences between groups that comprised a heterogeneity source were observed for CP as compared to CG for the farmer-member dimension followed by the farm-business dimension of heterogeneity. This indicates that with respect to farmer-member and farm-business sources of heterogeneity CP is relatively more uniform across the groups that comprise the sources and is less influenced by heterogeneity when compared to CG. This is an important finding as it suggests that commitment to patronage tends to remain unaffected by most of the farmer-member and farm-business sources of heterogeneity, while a member's commitment to governance is influenced by relatively more heterogeneity sources in the farmer-member and farm-business dimensions. A member's CP is more amenable to being influenced by the co-operative via the use of both monetary (milk price and dividend payments) and non-monetary (member engagement) instruments or policies. Moreover, as these are uniformly applied to the membership base, CP is less likely to vary between member groups. However, this is not the case with commitment to governance. As there is no control, no sanction, and no reward or prize associated with a member's participation in governance, a member's commitment to governance of their co-operative is conceptually similar to an organizational citizenship behaviour of civic virtue (Barraud-Didier et al., 2012). CG is therefore more likely to be influenced by other factors such as the sources of heterogeneity (e.g. age, level of education, type of dairy system, volume of milk produced, total assets, total debt etc.), resulting in greater variability in CG between member groups.

6. Conclusions, implications and limitations

The framework that was developed brought together some relatively robust insights on heterogeneity and commitment to collective action in co-operatives into a more tightly knit and comprehensible whole, and in the specific context of agricultural co-operatives. In doing so we believe the framework serves the purpose of a reference and coordination mechanism for efficient theory testing. It is therefore a small but important and necessary step in the effort that remains to be expended in applying frameworks to the task of linking co-operative structure and processes to its performance. This is a critical challenge that co-operative scholars must address in order to progress co-operative research and enhance its managerial relevance.

We found that this co-operative had high levels of both heterogeneity and commitment to collective action. This suggests that high heterogeneity does not necessarily lead to low member commitment to collective action. Amongst the heterogeneity dimensions, the greatest heterogeneity was seen in the member-interest dimension and least in the farm-business dimension. This indicates that heterogeneity within the membership base is more likely to be a result of differences in member-interests such as likelihood of selling co-operative shares, willingness to accept a lower dividend, seasons a low milk price is acceptable, importance of being valuable to the co-operative etc.

Additionally, our findings can contribute towards addressing the challenge of strengthening member commitment in agricultural co-operatives and therefore has important managerial implications. For example, the results of the correlation analysis suggest that gains towards further enhancing commitment to collective action can be made by devising a two pronged engagement protocol that either rewards or recognises members with higher CCA and also more precisely targets members with relatively lower CCA. In the specific case of the member-interest dimension our results point out that the co-operative can bolster member commitment by acknowledging and remunerating those with higher CCA and simultaneously paying specific attention to members with lower CCA who tend to be more likely to sell co-operative shares, less willing to accept a dividend, and who give less importance to: being valuable to the co-operative, being a respected member of the community, creating opportunities for future farmers, having variety in their work, and looking after the environment.

This study had a few limitations. Firstly, due to its cross-sectional design and analysis, this study was focused on one large dairy co-operative in New Zealand. The study therefore could not test if the link between heterogeneity and commitment to collective action is statistically significant across diverse co-operatives. The results therefore are indicative at this stage and further research is required to validate them. Moreover, as most dairy co-operatives focus on only one commodity (milk) and farmer-type (dairy farmers) generalisations of the results to non-dairy co-operatives need to be made with caution. Secondly, since the data was collected over a single point in time it does not allow us to study or understand any changes in the relationship between heterogeneity and commitment that can occur. This is important because a member's psychological state can vary over time with respect to their relationship with the co-operative. Lastly, the proposed model did not take into account the important feedback loops that exist between the variables included in the model, and it did not measure the indirect impact of the heterogeneity sources on CCA through other variables. However, by measuring the stated and direct relationship between the heterogeneity sources and CCA, this study is an important first step which can inform future research on the indirect relationship that could exist via other variables. To examine the feedback loops and measure the indirect relationships, future research on heterogeneity and commitment should consider using structural equation modelling (SEM) as the analytical technique, and data collection and hypothesis testing should be devised accordingly. An important source of member-interest heterogeneity in co-operatives is the succession plan of farmers as it can introduce tension, for e.g. via the horizon and portfolio problems. Future research on heterogeneity should include succession planning as a heterogeneity source.

Despite these limitations our findings contribute towards the growing literature on heterogeneity and commitment in agricultural co-operatives. By revealing the links between heterogeneity and commitment to collective action, this study contributes towards the larger body of research aimed at identifying factors that influence member commitment in co-operatives and therefore come into play in predicting or assessing co-operative performance. We hope that the findings reported in this paper with regards to heterogeneity and commitment to collective action will encourage researchers to further expand the scope of empirical research of these two phenomena in the context of agricultural co-operatives. Lastly, the relationship between commitment to the co-operative and commitment to wider societal requirements such as animal welfare, sustainability and protecting the environment would also be a very interesting area for future research.

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Can Differential Member Demands Lead to Tensions Within a Cooperative?

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Abstract: If one considers the topic of wine cooperatives in the current context, one increasingly encounters the problem of declining membership and the associated reduction of cooperative vineyards (DRV, 2016). So far, hardly any members of the cooperative or other internal stakeholders have been asked about their wishes, views and plans for the future (Fischer 2011), which could possibly have an influence on remaining in or leaving the cooperative. In the context of this work, such an internal view on the expectations of the interest groups is considered as an example by means of a complete survey in the form of case studies within two wine cooperatives. In order to obtain a complete picture, not only the members as such are included, but all interest groups involved according to their role/position in the wine cooperatives. On the basis of theoretical assumptions and expert interviews, a model was created which represents the formulation of perspectives and serves as an interpretive basis for drawing conclusions on existing areas of tension within the cooperatives. A change in the view or role of the cooperative can therefore be a reason for the resignation of members.

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Keywords: Cooperative models, case studies, governance, membership segmentation and relations, management, wine cooperatives

1. Introduction

In Germany, wine production has a tradition of more than 200 years in each of the 13 German quality wine-growing regions along the rivers Rhine, Neckar, Main, Mosel, Saar, Ruwer, Ahr, Saale, and Unstrut. Traditionally, viticulture was one of several different plantations on most farms, and the farms as well as the vineyards were very small. Corresponding with structural change in the agricultural sector, the farms have increased their acreage and production as they specialized. The necessity for intensive hours of labor on the one hand and the simple equipment for small growers on the other hand have made viticulture economically attractive for full-time as well as part-time farmers (Hanf/ Schweickert, 2007).

The grape industry is still dominated by small wine growers. There are more than 34,375 wine producers, not including wine businesses, which focus solely on grape production. Nearly half of them cultivate less than 1 hectare (ha) vineyards while only about 2,000 growers own more than 10 ha. The majority (more than 40,000) of growers are members of cooperatives. In 2015, the German cooperative sector could be divided into 158 primary cooperatives and two secondary cooperatives. However, only 92 of the primary cooperatives possessed their own vinification facilities. Overall, members of cooperatives planted 28,033 ha of vines representing about 28% of the total German area under cultivation. Together they produced 2.68 million hectoliters of wine, accounting for about 30% of total wine-production in Germany (Deutscher Raiffeisenverband, 2016; Deutsches Weininstitut, 2016). In particular, in the regions of Baden, Württemberg, and Franken, where grape production is dominated by part-time

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viticulturists, membership in cooperatives is widespread. In those regions, cooperatives hold a market share of nearly 70% (Hanf/Schweickert, 2014).

According to their statutes, wine cooperatives are self-help organizations for grape growers¹. Their aim is to improve the economic situation of their members. However, in order to achieve this aim, the general understanding of cooperatives has to be outlined.

In 1995, the International Cooperative Alliance released a definition of cooperatives along with a description of the values of cooperatives, and the seven cooperative principles. A cooperative is defined as “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.” Besides the self-help nature of the organization, values such as self-responsibility, democracy, equality, equity, and solidarity are stressed. For the identity, seven principles are claimed (ICA, 1995):

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

These broad definitions account for all kinds of cooperatives. Within this paper, the focus is set on the business literature on cooperatives. In this context, Barton (1989) distinguishes a cooperative from other businesses by three principles: user-owner principle; user-control principle; and user-benefit principle. He views as fundamental to the governance of a cooperative that these rights are possessed simultaneously by the same party, i.e. the users (or patrons) of a cooperative (Feng and Hendrikse, 2008). Even though this definition of a cooperative is shared by many authors (Robotka, 1947; Phillips, 1953; Savage, 1954; Trifon, 1961; Helmberger & Hoos, 1962; among others), there still exist differences among the authors regarding the understanding of cooperatives (ibid.). However, two schools of thought have emerged in the business literature on the structure of cooperatives which represent the extreme poles in a continuum. The first school has been based on Robotka (1947) and Phillips (1953). They understand a cooperative as a collection of profit-maximizing economic enterprises engaged in economic activities involving the use of a common set of productive assets. In their view, a cooperative can be understood as an *extension of the farm* (King et al., 2010). The second school is based on Helmberger and Hoos (1962). Their work identified the cooperative as an economic enterprise consisting of a production function, efficiency-maximizing criteria, and a rule that distributes the economic surplus to the suppliers of one input resource. In their model, the *cooperative is a firm* (King et al. 2010). The two views can be seen as extreme perspectives, with a range of less extreme perspectives in between. It can be assumed that the different views of cooperative are accompanied by different, sometimes contradictory, demands and expectations of the members and this can therefore lead to tensions. Each member's view of the cooperative is shaped by the attributes of each member farm.

Members who see the cooperative as an extension of their own farm tend to expect optimum support for their own farm in the form of payments and also through other services such as risk diversification, advice, etc. On the other hand, there are members who see themselves as suppliers and the cooperative as an independent company. They usually have expectations only with regard to payouts and do not expect additional services. Due to increasing competition, an ever-stronger customer orientation by the cooperatives must take place, in order to exist in the wine market successfully. As a result, to meet market conditions, management is forced to run the cooperative as an individual company rather than as an expansion of the members' farms. Thus, the decision-making power is increasingly shifting to the managing director, which changes the business policy and the members' perspectives on the cooperative (Hind 1999) and the position of the members, or rather the suppliers, becomes weaker. These contrary perceptions – for example, between the management, which sees the cooperative as an independent company, and the members who see it as an extension of their own farm – can therefore lead to tension. The diverse

and sometimes contrary inner views and demands can lead to conflictual tensions, which could possibly lead to a decline in membership.

This work considers the different internal understandings of the co-op members alongside the originating expectations by the means of case studies within two German wine cooperatives. The aim is to investigate whether diverging and conflicting expectations and views of the cooperative can be a reason for members to leave. In order to obtain a complete picture, all members are included along with those who have positions in internal interest groups (e.g. CEO, board members, etc.). Thus, a picture of the inner perspectives will be shown, with the help of the expectations of the different internal interest groups to their wine cooperative. On the basis of theoretical assumptions and expert interviews, a model has been created which represents the formulation of perspectives and serves as an interpretive basis for drawing conclusions on existing areas of tension within the cooperatives.

2. Cooperative theory - tensions and perspectives

Perspective on cooperatives

Philips (1953) and Staatz (1989) describe the cooperative as an extended arm of the member farms. This view is called "extension of the farm" (Cook et al., 2004) by the authors and represents a form of vertical integration. The cooperative then serves as a platform for the individual member companies, which see the cooperative as belonging to their own business and thus see themselves as a part of the entire community. In contrast to this is the view of the cooperative as an independent company: "cooperative as a firm" (Cook et al., 2004). Here the member companies are not regarded as part of the whole, but as suppliers who have a supplier-customer relationship with the cooperative and receive a monetary compensation for their product. If these two points of view are compared, they differ above all in terms of the place of decision-making power. If the cooperative is regarded as an independent enterprise, it is assumed that decisions and specifications are made by the cooperative (the enterprise as a whole). In opposition to this stands the cooperative as an extended arm of the member businesses, which is guided by the decisions of the individual members. It can be presumed that the different views of the cooperative are accompanied by different, sometimes contradictory demands and expectations of the cooperative and can thus lead to tensions that even cause members to resign. The two views can be regarded as contradictory and represent two extremes of a continuum. It can be assumed that there are views that fall between the extremes, which is why they can also be represented in the form of a spectrum.

Attributes influencing the members' point of view

The area of tension is formed by the different views of all members of the cooperative. The formation of the individual points of view is influenced by various attributes, which are individual for each member and described below. Based on the literature research, **five** dimensions of influence could be defined, which lead to the formation of the perspectives. In their entirety, the five attributes determine the views and demands of the individual members and provide the member's personal view of the cooperative. In the spectrum between the two extreme views, there are therefore many individual views, some of which overlap but they can also differ considerably. In the following, the five influencing dimensions are presented in detail with exemplarily selected influencing factors.

Differences already exist at the **level of the member farms**, e.g. location, company size, and the existence of an operational successor also makes significant differences between the farms (Dentoni et al., 2012). Both Bijman (2005) and Cook (1995) emphasize the difference between part-time and full-time farmers as an important heterogeneity factor within a cooperative. Full-time farms have different objectives, as they are entirely economically dependent on their cooperative, whereas part-time viticulturists usually have other economic sources of income and their objectives are less influenced by their dependence. In addition, Cook and Burrell (2009) show an increasing proportion of full-time wine growers in recent years. This is also accompanied by an increase in the cultivated areas, i.e. an enlargement of the farms, so that, unlike in the past, there is an increasing number of "larger members" within the cooperatives (Becerra et al., 2016). It can be assumed that this causes tensions that influence the view of the cooperative.

Various attributes can **influence the personality**: age, gender, ethnic origin, values and goals are just as important for the development of character as experience, educational level and the attitude to risk-taking in decisions

(Horwitz and Horwitz, 2007; Staatz, 1983; Iliopoulos & Cook, 1999; Höfer & Rommel, 2015). In this context, reference is often made to the horizon problem, which is primarily caused by existing age differences (Hanf & Schweickert, 2014; Capitello & Agnoli, 2009).

Older members in particular perceive the original cooperative idea, the cooperative as the social pivotal point of the community, as very important, whereas younger members increasingly perceive economic factors as important and regard the cooperative community rather as an "economic", i.e. independent, enterprise and less as a "social association" (Hanf & Schweickert, 2014). In terms of values and goals, the quality awareness of members is another factor. Different contributions of individuals to the added value of raw materials due to their quality awareness necessarily leads to an area of tension within the cooperative (Kyriakopoulos et al., 2004) since a great heterogeneity of members leads to a lack of investment incentives, stagnation and indifference of members. This makes it difficult for the cooperative and its representatives to show that they work in the best interests of all members, which often leads to passivity on the part of the members (Österberg & Nilsson, 2009). Due to increasing competition, an ever-stronger customer orientation of the cooperatives must take place in order to survive in the market. As a result, to meet the market conditions, the management is forced to run the cooperative as a company rather than as an expansion of member farms. This means decision-making power is increasingly shifting to the managing director, which changes the business policy and the view of the members of the cooperative (Hind, 1999), and the position of the members or suppliers becomes weaker. A great heterogeneity therefore leads to problems and influences perceptions within the cooperative.

In relation to the organization, a strong **identification** means that the organizational affiliation forms an important part of one's own self-concept. The values, norms and goals of oneself and the organization are perceived as congruent (Van Dick, 2004). The identity of the organization or group is determined by the self-concepts of all members. Therefore, identification describes the degree of attachment to an organization or group (Alvesson 2015). In connection with the concept of identity, it can be assumed that a strong identification and thus a strong attachment to the cooperative promote the view of the cooperative as an extension of the member farm, whereas a low degree of identification is linked to the view of the cooperative as an individual company. It can be assumed that members elected to committees have a stronger identification and thus see the cooperative more as an extension of their own company. Becerra et al. (2016) even describe too little identification with the cooperative as a withdrawal factor. Current problems in the cooperative sector are in particular the estrangement of members, which is promoted by mergers, for example. An expansion of the cooperative also entails a greater distance between members and board members, which can lead to so-called agency problems (Chaddad & Iliopoulos, 2013).

In the **regional external environment** of a wine cooperative, there are some potential grape buyers other than the cooperative itself. These can be, for example, wineries, champagne and wine cellars or other cooperatives. In this respect, grape revenue is often the strongest binding factor (Becerra et al., 2016) to the cooperative. The amount of the latter is decisive for a decision to join, withdraw or switch to other better paying grape buyers (Becerra et al., 2016). In comparison with other grape buyers, the high degree of planning security, which is provided by the existing legal form of cooperatives, is rated as a motivator for accession. It guarantees regular payments and a low risk of failure, as well as the acceptance of the entire harvest, even in vintages of lower quality (Becerra et al., 2016). These advantages rather support the view of the cooperative as the extension of its own member enterprises.

As the fifth dimension of influence, the **degree of satisfaction** plays an essential role because it is closely related to the influences already mentioned. Conversely, a reduced degree of identification, possibly due to a pronounced agent problem, leads to lower satisfaction and declining member loyalty (Hakelius & Hansson, 2016). Also the satisfaction with the support of the member's own farm, through technical assistance, knowledge transfer and an appropriate payment of grape money, is a decisive criterion. The absolute amount of the service received is usually less important as long as the necessary costs are covered and the total amount of services received is higher than that of other competitors in the market. Becerra et al. (2016) also consider a high degree of satisfaction with the aforementioned influencing factors to be decisive for a strong bond with the cooperative. It can therefore be concluded that the affinity to a cooperative is particularly high when there is a high degree of satisfaction. Especially when all areas of the cooperative are covered, the bond is sustainably strengthened. Internal communication, manufactured end products, public image, decision-making processes, duration and type of decisions, to name just

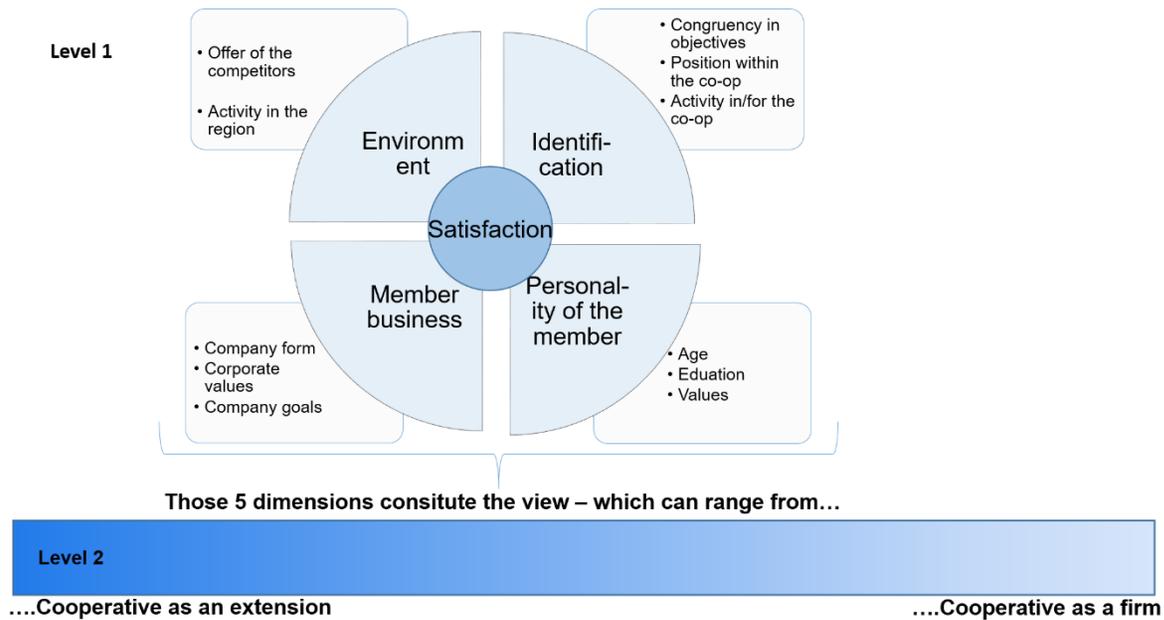
a few, are either beneficial or detrimental in their form to the satisfaction of individual members. They also affect the existing perspective and suggest that a low level of satisfaction reduces the sense of attachment and this has a reinforcing effect on a more distanced approach (cooperative as a company), just as a high level of satisfaction and attachment promotes the position of "cooperative as an extension of the member farm". The following assumptions should be considered essential for the evaluation of the case studies and the creation of the field of tension. According to the literature, tensions can be created through:

- Differences in the member farms, e.g., farm size;
- Differences in the member personalities and attributes, e.g., age; holding different positions within the cooperative; values;
- Differences in the degree of commitment and identification among the members, e.g., operations and the objectives and strategies they entail;
- Differences or changes in the environment of the cooperative;
- Differences in the degree of satisfaction with the cooperative's remuneration prices and/or other services.

Watkins (1986) argues that unity among cooperative members is important. Unity and solidarity are necessary for the successful business venture of cooperatives. We therefore argue that it can be presumed that the tension rises the stronger the differences are among the members in their personal views of the cooperative (lesser solidarity and unity). The more consistency in the views prevails, the lower the areas of tension. The theoretical dimensions above were checked for accuracy and applicability to wine cooperatives by using exploratory expert interviews. The interviews covered seven experts for wine cooperatives from the fields of science, business and politics. The interviews revealed that satisfaction is a central element that is related to all the other dimensions of influence and links the dimensions with each other. The expert interviews strongly supported the questionnaire and model development by assuring a fit between theoretical assumptions and applicability to the practical environment. Based on the literature review and the expert interviews a model was created.

Figure 1 is a simplified representation. It shows the formation/composition of the individual views and their disposition within a spectrum of the two opposite views according to Cook and Chaddad (2004). Level 1 shows the four dimensions (environment, identification, member business and personality of the member) alongside their formative attributes (e.g. activity in the region, congruency in objectives, values, company form). The four dimensions are connected with the most important dimension, satisfaction (in the center). Overall, Level 1 shows the constituent dimensions with their influencing attributes, which form the individual views of the members. Based on the dimensions from Level 1, the views are positioned on a spectrum between the opposing views "cooperative as a company" and "cooperative as an extension of the member farm". Level 2 represents the continuum of the extreme views "cooperative as a firm" and "cooperative as an extensions" to demonstrate that individual views can range to the extreme poles, but multiple views between the poles are possible as well.

Figure 1: Layer model of perspectives



3. The Case Studies design and the model

A case study represents an empirical research strategy that is flexibly adapted to the analysis and the research objective and is defined by research design, applied methods and analysis approaches. The case study method here allows us to empirically explore wine grower co-operatives in their real-life context. This approach has a long pedigree in the social sciences for both exploring behaviours and processes and testing theories and finally for developing theory (Dul & Hak, 2008).

The cooperatives chosen for the case studies are located in the state of Baden-Württemberg. The majority of the German wine cooperatives are located there. In addition, two medium-sized cooperatives were deliberately chosen to ensure anonymity after the data analysis. A medium-sized cooperative was a prerequisite for not allowing any conclusions to be drawn about the company from anonymous evaluation of the results. Both cooperatives have around 450 members and are comparable in size, sales, distribution and profits. Both cooperatives are not affiliated with either of the two secondary cooperatives within the wine market. Further information on the cooperatives cannot be given to ensure their anonymity.

Due to the large number of members and the existing individual views in the cooperatives, a quantitative approach was chosen. The questionnaire² included all influencing factors and dimensions. For Cooperative 1, 80 members answered the questionnaire (30 online, 50 in writing) and for Cooperative 2, a total of 64 questionnaires from the members (15 online, 49 in writing) were generated. After checking the data for completeness and usability, a total of 5 questionnaires were removed. This resulted in two data sets with 61 questionnaires for Cooperative 2 and 78 questionnaires for Cooperative 1. Analysis and evaluation were carried out in two steps. First, a descriptive analysis of the collected data was conducted and then the validity of the previously created model was checked (Ringle et al., 2015).

4. Results of the quantitative survey

Case Study 1

Our results show that the largest number of the members surveyed in Case 1 consider the cooperative more as an extension of their own member farms (46.7%). More than one third (38.7%) could not be clearly allocated to one of the two extreme views while 14.6 % perceive their cooperative as an individual firm.

The assumption that a strong perception of a "cooperative as a company" goes hand in hand with a lower sense of solidarity should be examined in this context. For the existing case studies, the review reveals a connection between the prevailing viewpoint and the existing solidarity. With regard to assumptions already made, possible connections between the point of view and other attributes were examined. The results are compared below and the differences are identified.

In Case Study 1, it could be observed that the average values of the company sizes for the points of view are different. It can therefore be assumed that members who cultivate bigger vineyard areas regard the cooperative more as a company and less as an extension of their own businesses.

A connection between the viewpoint and the forms of employment (secondary or full-time occupation) could not be found in this case study. Furthermore, it was noted that members who see their personal wishes and goals strongly represented by the cooperative increasingly tend to view the cooperative as an extension of the member farm and less as an independent company. Here the obvious assumption is that, with stronger fulfilment of the desires and goals, a stronger solidarity with the cooperative also exists. However, this assumption could not be confirmed.

In Case Study 1, the demand for higher or fairer payout prices became the most frequent wish. This desire was also indirectly mentioned several times in the demand for higher retail prices to make higher grape revenue possible. This makes it clear that (as the experts suspected) grape revenue, or the payment price per hectare, is a key issue for the members of a cooperative.

In Case Study 1, the four most important groups of values were "honesty", "responsibility", "cohesion" and "economic security", which, like the wishes, were formulated by categorizing the answers that were received. It can be seen that the values of the elected members were assigned to the categories "honesty", "responsibility", "cohesion" and "economic security". It can be assumed that most people prefer such values among people in leadership positions.

The degree of satisfaction is another important factor in the model and was measured using various variables. The results for Case 1 showed a high degree of satisfaction with the information and communication as well as with the work of the Supervisory Board. The other committees were also rated positively, but average satisfaction was somewhat lower.

On average, there was a very strong connection with the cooperative in Case Study 1. Most members also saw their personal goals and values well represented by the cooperative and felt they were in good hands in this community. The internal cohesion of the cooperative community was assessed as less positive, but somewhat better than in regional comparisons. Despite relatively strong ties, the members seemed to consider the importance of their membership in the cooperative less important. A high evaluation of the solidarity and at the same time a lower evaluation of the importance of the cooperative in one's own life could possibly be a reason for current development of the views.

In Case Study 1, the connection between the size of the company and the position held in the cooperative was particularly striking. It turned out that members of the Management Board and Supervisory Board manage larger companies on average than members without a specific position or in other bodies. It can therefore be assumed that members with large companies are more frequently members of the Management Board or Supervisory Board than members with small company premises. In Case Study 1 no influence of age was detected.

Case Study 2

In Case 2, 39.6% see the cooperative as an extension of their member farm, but fewer members (10.4%) see the cooperative as an individual firm.

For Case 2, the most common requests and wishes were for "marketing, products and image" followed by the payout price and requests for organization and administration. Due to the small number of respondents in Case 2, it is not possible to make any more profound statements.

For Case 2, the values stated focused on the groups "honesty", "trust", "community" and "quality". For both case studies, there were hardly any differences in terms of wishes, personal values and goals between members of committees and other members of the cooperative.

In Case Study 2, satisfaction in all categories was measured to be 4.4 or higher on a scale of 5. Approval of satisfaction statements given in the questionnaire also showed high median values and ranged on average from "relatively strong approval" to "very strong approval". This can be plausibly linked to the high average value of connectedness and it can be assumed that if there is a low satisfaction together with a low agreement of own and cooperative values and goals, the overall connectedness is low due to less identification with the cooperative.

In Case Study 2, there was no indication of a connection between the size of the company and the position held. For both case studies, no differences were detected between members with and without a position in the internal interest groups in the cooperative.³

In Case Study 2, however, the following findings could be made with regard to the age groups of the members: There are significant differences between age groups in their satisfaction with the cooperative's quality improvement program. On average, older members are more satisfied with it than members under 36 years of age. Cooperative 2 also shows a positive correlation between the age groups and the active participation of members in meetings. On average, older members of the cooperative participate more actively in meetings than the younger ones.

5. Conclusions

Overall, it has to be highlighted, that in both cooperatives, more members took the view of the cooperative as an extension of the farm than the view of the cooperative as an independent company. In both cases, the number of waverers was high at approximately 39% and 50% respectively. The results of the case studies thus clearly show that the majority of member farmers tend to view the cooperative as an extended arm of the members.

One main conclusion shows that many attributes and not just one constitute the view of the members on the role of their cooperative, which is why the two extreme views "cooperative as an independent enterprise" and "cooperative as an extension of the member farm" have to be regarded as the ends of a continuum. In between these extreme poles, many different natures of a cooperative are possible.

If one looks at the more detailed assumptions made at the beginning of this research, the following evaluation of the assumptions that influence the area of conflict becomes apparent:

- Holding different positions within the cooperative

With regard to the different positions of the members within the cooperative, no divergent effects on the view could be determined in either case study. It is possible that the difference is overestimated or simply disappears due to the small share of the total sum of all members within the given model analysis.

- Forms of operation and the targets and strategies they entail
- Company sizes of the member companies

Assumptions about the influence of the types of business (full time and part time employment) and sizes could not be confirmed. However, it became apparent that for Case Study 1 other variables lead to divergent views. These concern organized succession, quality control of the delivered grapes, harvest yield and the quality of the grapes in general. There are also differences with regard to various operating objectives and values, which indicate a possible area of tension. In Case Study 2, this could not be confirmed.

- Age differences between members

Case Study 2 shows an existing influence of age groups on the developing perspectives, as well as current satisfaction and activity at meetings. Younger members are less satisfied with the quality improvement program than older members are. Older members also participate more actively in cooperative meetings than younger members. It can

therefore be confirmed for Cooperative 2 that possible tensions exist due to different views based on age, i.e., horizon. This could not be shown for Case Study 1. Case Study 1 excludes age differences as a reason for tensions.

In addition, some attributes could be inter-connected. For example, differences in the case studies became particularly evident with regard to the size of the company and participation in committees as well as age and influence on the behavior of members. In future research, the interconnectedness should be addressed.

- Personal values and goals of the members

This assumption can only be established to a limited extent. We found that the values of the members are different and varied, thus how these influence their viewpoint cannot be directly confirmed and their influence on areas of tension cannot be confirmed by the case studies.

- Degree of satisfaction with the cooperative's payout prices and/or other services

The statistics showed that in both cases the payout price is an important satisfaction criterion – as assumed by the experts. The respondents seem to be all in favor of higher payouts, but are generally satisfied with the current level. The situation is similar with other services.

- Degree of commitment to the cooperative or identification and attachment

Assumptions were confirmed for both case studies. The sense of connection and identification shows a strong influence on the point of view itself. Differences in the characteristics of the individual factors therefore also lead to differentiated views, which create areas of tension. A low degree of identification and solidarity is especially detrimental to the view, "cooperative as an extension of the member farm," and tends towards the view, "cooperative as a company". The fact that there are hardly any major differences in the degree of identification and connectedness within the two cooperatives creates a relatively low area of tension with regard to current perspectives. A high degree of solidarity exists in particular when the cooperative's performance is assessed much better than other grape buyers in the economic environment of the region. In this context, the existing knowledge and information of members about payout prices and market of the (not exclusively regional) environment also proved to be favorable for a high degree of commitment.

- "Small" cooperatives show stronger solidarity and identification of the members than cooperatives with very many members.

However, the concentration of the majority of views in the middle between the two extremes can also be caused by the size of the cooperatives themselves. If one assumes that cooperatives were deliberately chosen as medium-sized cooperatives and there is the assumption that in very small cooperatives in general there is a stronger bond and in very large cooperatives this bond is very small, then it must also be concluded that especially small cooperatives would have to show a very strong development in the direction of the view "cooperative as an extension of the member farm" and vice versa. The results of the two medium-sized wine cooperatives analyzed here therefore support the assumption made previously.

Our results furthermore show that there are no consistent / identical results for the two cooperatives. Each cooperative has its own areas of tension, which cannot be explained only by the wishes and demands of its members, but also by the solidarity, identification and satisfaction of all members with their cooperative. The influencing attributes can have varyingly strong effects in different cooperatives (e.g., age). This shows that, despite the same structure and management system, cooperatives are rarely the same, but must always be measured by specific standards, which also include members and the environment. Every cooperative must be aware of its own areas of tension and know its different member groups and their demands and expectations. In one way or another, the cooperative has to decide on its own role. Tensions can then be reduced or avoided by open communication, mediation between member groups and positioning of the cooperative; by querying expectations; or by restructuring cooperative processes in order to meet previously unfulfilled expectations and ultimately prevent a resignation. This is needed in order to develop a good *co-operative management culture and concept of leadership*

which are critical for the survival of the co-operative. A knowledge of expectations and values helps the management to adapt communication and to demonstrate the needs / benefits of producer solidarity (Davis, 2004). By doing so, unity and solidarity increase, harmonizing conflicting views and, thus, lowering tensions. The management and leadership culture are important tools to keep members and manage the cooperative successfully.

This finding is in line with the concept of Feng and Hendrikse (2008). They see the cooperative as a system of attributes integrating the two contrasting views. On the one hand a cooperative is an independent firm in itself consisting of many suppliers (and their attributes) who are the owners. On the other hand Feng and Hendrikse (2008) show that there is a difference between cooperatives and investor-owned firms in terms of the expectations of the stakeholders owning the company. This means the cooperative serves as a strategic instrument to foster the member businesses.

Presumably, this is in contrast to the views of co-operative industry associations and management / managing directors. Due to competitive market conditions and customer orientation, management is urged primarily to make decisions in the interests of the cooperative as a firm and secondly to focus on promoting its member businesses. These opposing positions between members and management / managing director within the cooperative can lead to tensions that can have a great influence on the member economies and can even have the effect of members leaving the cooperative. In addition, it can be assumed that associations tend to share the view of a cooperative as an independent company, since they usually only interact with the managing directors.

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Notes

¹ By law, wine cooperatives are only allowed to produce wine from grapes that are produced by their members. They are not allowed to buy wines or grapes from other producers. This induces a considerable brake on the co-operatives' competitive potential as non-co-operative wine producers can purchase as much as they like from whomever they like, providing them with advantages to react to market demands.

² The questionnaire (in German) can be requested from the authors directly.

³ Hanf et al. (2018) showed that members with a position tend to view the cooperative as an individual firm and that

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these members mostly interact with industry associations. Therefore, it can be assumed that the cooperative associations see the cooperatives more as individual firms. Due to the small sample size of the two case studies, it could be that the views of the members with positions in internal interest groups are marginalized. A separate evaluation of members with and without positions was not possible, because then anonymity would not have been guaranteed.

BOOK REVIEW by Peter Davis

Jim Jones. (2019). *Hasten Slowly, and You Will Soon Arrive: The Mysterious Presence of Group Equity Housing Co-operatives*, National Association of Student Housing Co-operatives, Michigan, USA
ISBN 978-0-578-54725-1

This book is a justified celebration, supported with archive illustrations, of a housing co-operative success story - a phenomenon whose central principle of group equity is almost unique in the housing co-operative sector in the USA. The author's explanation for this success lays in understanding the basic housing needs for a transient community. A central premise for the group equity model that traces its origins in the United States back to the late nineteenth century is that as students don't remain long in one place and are on low incomes, they cannot realistically accumulate individual equity. What they need is good quality housing at affordable rental rates during their temporary stay. This makes the group equity model an attractive proposition as it cannot be about personal equity building as in other Co-operative Housing models. So the equity growth remains the property of the community not the individual, not even the particular transient group in occupation at any one time. As the equity grows, so it can be used to finance new co-operatively owned houses.

So how to establish continuity out of transience and here the author's answer is in community building. The group equity model relies foundationally on a community that recognises its debt to past members and its responsibilities towards future members. The author makes clear that community is more than simply a group of members. The lynch pin of a group equity housing co-op community is in its shared cultural values, which have a life of their own that is lived and passed on. The values the author elucidates in the early sections of the book are democratic self-governance and member engagement in task sharing and in the communal activities within the group equity house. It's a co-operative culture grounded in inclusivity, tolerance and education. This is a quintessentially bottom up self help model where retained surpluses and co-operation between group equity housing co-operatives has been crucial in enabling economic investment in development, facilitating the model's growth.

The author suggests in his introduction that the group equity model has an increasingly contemporary relevance to a wider segment of society than simply students. The huge migrant labour force in so many parts of the world is frequently subject to exploitative wages and poor housing. When membership is combined with longer term migrants operating in low skilled services, this model could produce a low cost, good quality housing option with the added safety of providing real communities for people facing similar challenges and social isolation. For women's houses for the large numbers of Filipino and Sri Lankan women seasonal workers in countries like Cyprus, or for more general houses for Eastern Europeans working in the fruit picking season and in other services in the UK, and indeed for seasonal and economic migrants everywhere, this group equity model may be a way out of dangerous and exploitative circumstances. Back in the United States this looks like a potential opportunity for the United Farm Workers to collaborate with the group equity housing co-operatives movement. Indeed there are many trades unions seeking to mobilise and engage with migrant workers who could find sponsorship of this model one strategy to take them forward.

However, the group equity model raises profound issues that go back to the very origins of co-operative development. In the contemporary co-operative movement the emphasis is on individual member ownership and control. The group equity model seems to be the exception. In fact it was *the model* established by the first ever Co-operative Congresses held in England in the 1830s. Then a key principle adopted as part of the first statement of Co-operative Identity held that *none of the surplus was to be divided* (Webb, Catherine, 1904, *Industrial Co-operation*, Cornell University Reprints, p. 58). Co-operation when it is a genuine social movement is always based on the concept of group equity. The reinvestment of surpluses and membership as linked to stewardship are two of the key ideas of co-operation as a system for social transformation rather than social stabilization. In the group equity model, the stakeholders are members, current, past and future, and all surpluses go to the further development of the co-operative. The economic rewards of co-operation as far as the 1830s founders were concerned was not in a share

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of surplus as dividends but in secure employment at market level wages, in interest rates charged to protect the real net present value of the principle, not to generate usurious profits, and in goods and services delivered to members at affordable prices. After the 1860s, the emphasis has been to distribute surpluses. This has often been at the expense of growth and development. The absence of Co-operative investment into the newest technologies has left the field clear for capitalist investment to go unchallenged in the high value added, fast growing new sectors of the economy during the last quarter of the nineteenth century in motorised transport, chemicals, telecommunications and much more. This continues to be the case today.

The book gives at first the impression of being an essentially historical account from the roots in the 1870s including accounts of the early women's student housing co-operatives, many of which showed remarkable resilience and longevity. Henderson House was but one of many all women group equity housing co-operatives started in 1917 but, at the time of publication, it still remained as the oldest co-operative in Ann Arbor, Michigan. However, this work is much more than a history of the stages in a particular form of co-operation. Though progressing in a chronological structure there are many cross references to past and future and the book is filled with analytic reflections on the group equity co-operatives' development and culture. It is interesting to note that over this whole period of profound economic, political and social change the student housing co-operatives responded to the challenges of their times with a set of timeless values that underpin their essentially co-operative counter culture. The socio-economic context that kept these timeless values alive and energised was the student house and its community activities.

Particularly interesting are those sections that look at this form of co-operative ideology in relation to its institutional environment: Co-operative, Academic and Governmental. The author provides evidence for the perspective that recognises the co-operative sector to be one which is clearly, ideologically speaking, a contested terrain and exposes those institutional forces opposed to co-operative principles within and without that could and did attack and damage / destroy group equity co-operative development. The author provides a number of examples, but perhaps the most tragic is the wiping out of a hugely successful student co-operative in Texas with over 52 units and 23% of student population in membership when the local University governing body ruled that all students had to live on campus. The fact that this co-operative initiative had been supported by the local Farmers Co-operative might explain the reaction. Co-operatives that just provide a service to support the victims of failures in the capitalist system may be tolerated or even temporarily encouraged but when different segments of the co-operative sector start co-operating, agents of the governing system will act quickly to crush such initiatives when they can.

The author provides numerous examples of the sometimes problematic relationship between the group equity housing co-operatives and the wider co-operative sector from the depression years right up to the twenty-first century. There were tensions and suspicions between the group equity co-operatives and the National Co-operative Business Association and more often than not total scepticism and indifference from the wider co-operative community. The Japanese Consumer Co-operatives proved to be an honourable exception to the general rule and helped by being a major donor to the North American student housing co-operative development fund.

The author touches on the McCarthy period and its negative impact on housing co-operatives and intellectual life in the United States in general, along with the impact of American wars in Korea and Vietnam. These particular phenomena generated a hostile political climate that sometimes targeted student housing co-operatives for attack. This potential for student housing co-operatives as incubators for co-operative leaders and managers and as promoters for the ideology of co-operation rather than competition right within Higher Education - at the very heart of the intellectual and cultural reproduction in the United States - was lost on the wider co-operative sectors' leadership. The latter were mostly overly focused on and divided by a bureaucratised set of co-operative business silos that remains a characteristic of the movement's current structure right up to the international level. But as the Historian of the ICA in the cold war years pointed out at least the International Co-operative Alliance did not split into competing East West alliances. Her explanation bears an uncanny resemblance to Jim Jones' description of the 'mysterious presence' as a cultural context that motivates actions and behaviours generating a co-operative culture found in the student communities within the group equity housing model. The unity of the ICA throughout the war and cold war was down to many factors and compromises as well as a principled stand to ensure the independence and integrity of the Alliance. But ultimately what made it possible, Rhodes suggests, was the lack of nationalism and

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the obvious presence at ICA leadership gatherings of a practised fraternity and toleration that arose out of co-operative ideology and sustained what Rhodes refers to as the 'co-operative spirit' amongst the ICA leadership (Rhodes, Rita, 1995, *The International Co-operative Alliance During War and Peace: 1910 -1950*, ICA, Geneva, p. 386). It is heartening to see that whether at the smallest local student house or in the leadership of the biggest and oldest Co-operative NGO in the world, the co-operative spirit can be a motivational and constructive element in the operating culture.

I started by calling Jim Jones' book a celebration but it is not a rose-tinted celebration but rather a candid exposition of weakness and failures, which in a way make the successes all the more impressive when they came. The struggles and the failures recorded by the author only serve to underscore the quality, vision and perseverance of the women and men who have occupied leadership roles across the centuries. The author documents many of these co-operative leaders with respect and love as he does the energy and 'co-operative spirit' shown by the student membership in their self governing communities. What does not get the attention it deserves is the quiet professionalism that ensured the estates management, people facilitation and focus on the maintenance of the co-operative spirit required to make such an idealistic venture a practical reality. The group equity housing co-operatives present permanent presence and a set of values in a shifting sea of young people in transition and development. The author himself and many others who played such a crucial part in this story are excellent examples of that model of co-operative value based management whose leadership is what the wider movement desperately needs. They are servant leaders dedicated to co-operative values who are more concerned with member engagement and facilitation in governance and in the wider economic and cultural aspects of their co-operative and the wider co-operative programme than with enhancing their own power and self aggrandisement. This is a story that is worth reading no matter what segment of the co-operative movement one is associated with. It is a story that reminds us how important co-operative culture is for co-operative success. It also reminds us of an alternative co-operative view on surplus as not so much an object for individual members' benefits but as a strategic tool for co-operative growth and the social transformation of economy and polity, something the world so desperately needs today.