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NEW OPPORTUNITIES FOR
CO-OPERATIVES

ABSTRACTS FROM ICA GLOBAL RESEARCH CONFERENCE
24.-27.8.2011 – MIKKELI, FINLAND



NEW OPPORTUNITIES FOR CO-OPERATIVES

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ABSTRACTS



Mikkelin yliopistokeskus
Mikkeli University Consortium



UNIVERSITY OF HELSINKI
RURALIA INSTITUTE



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STUDIES



The cooperative of new opportunities.



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Foreword

This publication assembles in alphabetical order of their authors the abstracts of close to 100 papers which will be presented at the 2011 International Cooperative Alliance Global Research Conference. It does not predetermine the later choice of papers for publication. It is to give an overview of the contributions; it is to help coping with the impossibility to be present simultaneously at several of the parallel working group sessions; it is to ignite interest; it is to stimulate and refine own thoughts.

Never before has there been such a wide consensus on the need for research to strengthen the cooperative enterprise model. The declaration by the United Nations General Assembly of 2012 as the International Year of Cooperatives calls for research. So do the major international instruments related to cooperatives: the 1995 ICA "Statement on the co-operative identity", the 2001 United Nations "Guidelines aimed at creating a supportive environment for the development of cooperatives" and the 2002 ILO "Recommendation concerning the promotion of cooperatives".

The mere number of abstracts, the width of the issues they address within the six subthemes of this conference, the variety of the approaches, as well as the cultural backgrounds of their authors attest not only to the interest in the subject, but also to the global response to these calls. We take this as a sign that there are indeed "New Opportunities for Co-operatives".

Through the declaration of the International Year of Cooperatives the Member states of the United Nations finally agreed with some 1 billion members in cooperatives of all sizes, types and in all sectors in almost all countries on the importance of genuine cooperatives for economic security, ecological balance, social justice and political stability, i.e. for sustainable development. For decades, national governments, regional and international governmental and nongovernmental organizations were reluctant to think of cooperatives as a viable model, worthy of being promoted on an equal footing with other enterprise types. This led to a huge research and - hence - teaching gap concerning the subject of cooperatives. Huge in a double sense: the subject was neglected and researchers, politicians and other actors did neither see the specificities of cooperatives, nor the world of cooperators who, together with their economic dependants, make up for almost half of the world population.

The 2011 International Cooperative Alliance Global Research Conference is the first global cooperative event to address the opportunities which the International Year of Cooperatives presents. The abstracts assembled here indicate that the conference will also deal with the challenges. The research and teaching gap will not be closed any time soon. But the abstracts assure that it will finally and eventually be closed.

Tapani Köppä and Hagen Henry

Microfinance Lending Program of Cooperatives in Cebu, Philippines: Realities, Benefits and Women's Participation

Ferdinand T. Abocejo¹, Zosima A. Pañares¹, Nora T. Dotillos¹,
Sherwind A. Belciña², Lito L. Diones¹, Alfredo A. Derecho²
¹Cebu Normal University and ²Southwestern University

Abstract

The study examined the contributions of microfinance lending program on the economic growth and viability of cooperatives and on income augmentation of their member borrowers supportive to the poverty alleviation thrust of the government among low income households. Eight small and large scale sample cooperatives were identified for the study in various areas of Cebu, Philippines. The research was conducted through personal interviews with eight management officials from each cooperative and four hundred randomly selected cooperative microfinance program borrowers. The study used quantitative-qualitative descriptive survey design utilising primary and secondary data from sample cooperatives and their microfinance program member beneficiaries. Majority of the interviewed respondents were married women. The provision of capitalisation to cooperatives by government and private sector providers for microfinance lending program have led to improved assets, capital build-ups and profits of cooperatives under study. Cooperatives' implementation of microfinance lending program to their member borrowers were based on due process and equitable access to financial resources for productive microenterprise initiatives as proposed by microenterprise borrowers. Evidently, income levels increased among microfinance program beneficiaries. Augmented family/household income subsequently improved the living standard of cooperative members. However, with relatively large household size, exits from the poverty threshold among microfinance lending recipient households were not substantial. Almost all microfinance borrowers keep applying for renewed loans once they qualify for loan renewal even if borrowed funds were no longer intended for microenterprise activities. Microfinance borrowings have become a habit rather than needs by most cooperative member clients. Notably, the microfinance program expanded access to microcredit and afforded cooperative members to meet and sustain food consumption needs and education expenses of their children. Women empowerment was evident as manifested by strong participation of wives in leading gainful household micro-entrepreneurial activities. Based from empirical findings, it is recommended that access to microfinance program should be strengthened and sustained especially for cooperative members in the low income groups. Effective monitoring schemes should be enforced to evaluate the actual funding needs of renewing borrowers. Objective assessment should be made for borrowers who are not able to meet their payment obligations because of emergency needs in the households.

Keywords and Phrases: poverty alleviation, microfinance program, cooperatives, credit assistance, cooperative member-borrower, women's participation

Number and names of the conference focal theme where the abstract belongs to:

1. Co-operative diversity and different types of success.
2. The role and promotion of co-operatives in a global context.
3. Shared leadership and membership communities

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Full names and titles of authors

- 1. FERDINAND T. ABOCEJO, MPP**
Education Program Specialist II
Center for Research and Development (CRD)
Cebu Normal University, Cebu City, Philippines
Email Address: fertesabo1127@gmail.com
- 2. ZOSIMA A. PAÑARES, PhD**
Professor VI
College of Teacher Education (CTE)
Cebu Normal University, Cebu City, Philippines
Email Address: z_panares@yahoo.com
- 3. LEONORA T. DOTILLOS, DALC**
Assistant Professor
College of Arts and Sciences (CAS)
Cebu Normal University, Cebu City, Philippines
Email Address: noratdotillos@yahoo.com
- 4. SHERWIND A. BELCIÑA, MA**
Assistant Professor
Center for Research and Evaluation (CRE)
Southwestern University, Cebu City, Philippines
Email Address: paulsb0124@gmail.com
- 5. LITO L. DIONES, MA**
Instructor
College of Arts and Sciences (CAS)
Cebu Normal University, Cebu City, Philippines
Email Address: bempaul72@yahoo.com
- 6. ALFREDO A. DERECHO, DPA**
Associate Professor
Southwestern University, Cebu City, Philippines
Email Address: alderecho75@yahoo.com

Taxation of cooperatives: the policies of the European Union

María Pilar Alguacil

Abstract

Tax policy may be an efficient instrument to promoting and developing the cooperative model. Despite being an indirect tool, inasmuch as it results in tax savings for the companies, it can be a convenient one. The European Parliament, the European Commission and the European Social and Economic Committee have pronounced in many occasions the cooperatives to be one tool of plenty of Europeans goals, specially the ones related to social cohesion. In this way, they have promoted the existence of some specific tax rules for the cooperatives in the States members. These tax rules and incentives must be proportional to the added value and peculiar handicaps of this kind of enterprises.

However, the special taxation of cooperatives can be called into question on the grounds of the State aid rules (art. 107 of Treaty of Functioning of the European Union, TFUE), as they can be qualified as exceptional to the general tax regulations. Actually, the special tax regime for Spanish cooperatives has been pronounced to be a privilege by a European Commission Decision on 15 December 2009 regarding State aid. The decision is one of a series of proceedings and rulings by the European authorities concerning this subject in Italy, France, Norway and Spain.

In this paper we will:

- Describe the pronouncements of the European authorities about the advantages the cooperatives provide for the accomplishment of European goals. Also we will point out the legal framework for these social objectives, specially on the Treaties.
- examine the criteria used by the Commission and the Courts to define the presence of elements of state aid in the cooperative tax regimes under scrutiny.
- Also, we will related the elements of the special tax regimes to the legal requisites these cooperatives must to meet, and the social goals they accomplish. In this task, we will underline the elements of the European Cooperative as an European model of "standard" cooperative.
- Analyze the inclusion of the cooperatives, and specifically the ones providing social services, in the concept of Services of Economic General interest (art. 106 of the TFUE), much more permissive than the general rules in State aid.

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Name: María Pilar Alguacil

Organization: CIRIEC-Spain. Institute of Research in Social Economy and Cooperatives (Iudescoop), University of Valencia.

E-mail: alguacil@uv.es

Are Labour-Managed Firms All the Same? A comparison of incentives for growth, democracy and institutional sustainability in the constitutions of worker cooperatives in Mondragon, Italy and France

Izaskun Alzola¹, Saioa Arando¹, Fathi Fakhfakh², Fred Freundlich¹,
Mónica Gago¹, Virginie Pérotin³ and Alberto Zevi⁴

Abstract

The success of labour-managed firms has been uneven across the world and historically. Economic theory has shown that the way worker-owned firms organise their capital ownership and finance, profit allocation and membership may create incentives for the firms to under-invest, degenerate into capitalist firms or disappear altogether. Among the possible ways of dealing with these issues, the system developed by the Mondragon cooperatives has often been presented as a model. Italy has arguably the most successful worker cooperative movement in industrialised countries and possibly in the world, with more than 25,000 trading worker cooperatives. The French movement, though of relatively modest size, has had a continuous presence since the 19th century, with some worker cooperatives surviving well beyond 100 years.

The paper presents a detailed comparison of the features of the constitutions of worker cooperatives in Mondragon, Italy and France and the implied incentives to invest, preserve democracy and create long-lasting worker-owned firms while preserving incentives to labour. We find that the three systems show intriguing differences but have in some areas adopted strikingly similar solutions to the problems identified in the economic literature.

¹ ETEO, Mondragon University, Oñati (Guipuzkoa), Spain

² ERMES, Paris-II University, Paris, France

³ Leeds University Business School, Leeds, UK

⁴ Centrostudi Legacoop and University of Rome La Sapienza, Rome, Italy

Innovative Trends in Co-operatives: what we have learned about where we are going and are we going where we want to go?

John Anderson

Paper Summary

Innovative Trends in Co-operatives: what we have learned about where we are going and are we going where we want to go?

This paper is based on research funded by the Community University Research Alliance “ Measuring the Co-operative Difference Research Network 2010-2015”. www.cooperativedifference.coop

This paper will examine innovative trends in new and emerging co-operatives in Canada since 2003. It will use data from the Innovative Co-operative Projects component of the Co-operative Development Initiative: a four year \$16 million partnership program funded by the Co-operatives Secretariat and managed by CCA and the CCCM (le Conseil canadien de la coopération et de la mutualité) to help develop new and emerging co-operatives.

The paper will chart what are the trends in innovation and using statistics, interviews with the projects, co-op developers and provincial co-operative organizations to understand why these trends are occurring in certain sectors and regions and what are the strengths and weaknesses of these developments.

The paper will examine the trends in new and emerging co-operatives. It will use the data base of projects funded in Innovative Co-operative Projects component of the Co-operative Development

Initiative: a four year \$16 million partnership program funded by the Co-operatives Secretariat and managed by CCA and the francophone co-operative sector national organization CCCM (le Conseil canadien de la coopération et de la mutualité) to help develop new and emerging co-operatives. This new co-op managed part of the program began April 1, 2009 and will end March 31, 2013 and we already have two years of data; and by June will have 3 years of data. But the program has existed since 2003 and thus there are an additional 6 years of data which came from CDI component Innovation and Research when it was managed by the government; data to which the researcher will also have access. The paper will also use data from the government on actual numbers of new co-operatives created.

The paper will use all 9 years of data involving several hundred projects to begin to map innovative trends in co-operative development. The paper will also use two years of data from the 2007-2009 Agricultural CDI program and the first year of data from the new CCA First Nations, Métis and Inuit Co-operative development program.

Research questions: The research questions to be explored would include:

- What are the sectors in which new co-operatives are developing?
- Where are these sectors in terms of geography, language (English or French) or Aboriginal or immigrant origins?
- Why have groups chosen the co-operative model as opposed to traditional private sector or traditional non-profit organization?

In addition to the use of CDI database, in year two (2011-12) semi-structured interviews with co-op developers will be conducted and analysed thematically to better understand the successes and challenges of the CDI. Specific questions will be developed in partnership between the academics and the community partners in the spirit of cooperative inquiry underlying the CURA, and based on previous research conducted in Canada and internationally.

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A complete bibliography is found at www.coopscanada/research

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Author

John Anderson

Canadian Co-operative Association,

Director of Government Relations and Public Policy and Principal Investigator Community University Research Alliance " Measuring the Co-operative Difference Research Network 2010-2015". www.cooperativedifference.coop

“COOPERATIVE EDUCATION AND RESEARCH IN AFRICA: OPPORTUNITIES AND CHALLENGES”

FAUSTINE KARRANI BEE

Abstract

Cooperative education and research are very critical for the development of innovative solutions for cooperative development worldwide. It is offered mainly through designated cooperative training institutions that were established for that purpose. Historically, the origin of cooperative education can be traced as far as the Roman Empire (du Plessis, 1993:53; Bisschoff (1997:53). The concept of cooperative education was first developed in the UK in the 1800s, and later spread to the USA in 1906, Canada 1957 and Australia in 1962 (Reeve, 2004: 189). In Africa it was introduced during the colonial administration, especially the British by establishing a network of Cooperative Colleges or centers that were connected to the Cooperative College UK. Later on these Colleges received some support from other donor countries such as the Scandinavian countries, especially Sweden, and Norway.

According to Wikipedia the free encyclopedia (http://en.wikipedia.org/wiki/CO-OP_education visited on April 6th, 2011) cooperative education is a “structured method of combining classroom based education with practical work experience”. Consequently, cooperative education has been dubbed several work-based terminologies such as co-op, professional practice, sandwiched trainings, internships, externships, apprenticeships, and career academies (Grroenewald, 2004:19). This definition makes cooperative education unique in its conduct and method.

The aim of this paper is to explore the conduct of cooperative education and research in Africa and what effects it has on the development of cooperatives as a tool for the realization of the UN Millennium Development Goals. Furthermore, it attempts to assess the opportunities and challenges that exist in offering the cooperative education on the continent.

The available literature on cooperative education reveals that there are various providers of cooperative education and research employing varied methodologies and curricula. The variations in curricula is reflected in the awards offered by cooperative training institutions that ranges from certificates, diploma, degrees, postgraduate diploma, masters, to a doctoral degree. Whereas in some countries (Tanzania, Kenya, Uganda, Lesotho, Nigeria) cooperative education is offered through specialized cooperative higher learning institutions, in others these roles are played by other bodies. For instance in Ethiopia, the role of cooperative college is assumed by a number of universities such as Mekelle, Ambo, Hawasa, and Harayama. In Botsawana a division of cooperative development department conducts cooperative education whereas in Rwanda donor funded NGOs (called The Rwandan Centre de Formation et de Recherches Coope’rative -IWACU) does the training.

On the other hand there is a limited research activity on cooperatives due to limited funding and possibly interest. Research must keep abreast with teaching as it helps to improve the quality of learning and teaching in addition to generating innovative ways of addressing cooperative complex development processes.

The proclamation by the United Nations General Assembly of the 2012 as the International Year for Cooperatives (IYC 2012) aims primarily on increasing public awareness on cooperatives and their contributions to socio-economic development and to the realization of the Millennium Development Goals. Cooperative education and research have significant contributions in the realization of these objectives.

There are potentials for cooperative education and research in Africa as well as challenges. Increasingly, cooperative education has gained recognition in many countries today as a viable post secondary pedagogy leading to increased cooperative education programmes and number of practitioners. In most African countries, institutions offering cooperative education have continued to receive considerable government support as well as the industry. In this respect, there is a growing optimism that cooperative education has a bright future.

There are challenges as well, which include how to enhance consistency in defining cooperative education, the need to develop theory, as well as financing cooperative education and research.

Furthermore, issues of integrating theory and practice, establishment of standards and networking will continue to pose some critical challenges.

By Prof. Faustine K. Bee, Moshi University College of Cooperative and Business Studies, Tanzania e-mail address: principal@muccobs.ac.tz or fkbee2001@yahoo.com

Short Bibliography of Prof. FAUSTINE KARRANI BEE

Faustine Karrani Bee is an Associate Professor and Principal of the Moshi University College of Cooperative and Business Studies (MUCCoBS) since April, 2010. MUCCoBS was established through a Government Declaration of 2004 that transformed the former

Cooperative College Moshi into a University College. Bee holds a Bachelors degree in Economics, a Masters degree and a Doctorate degree in Development Studies. His areas of competencies include Development Economics, Rural Finance, Rural Development, Agricultural Marketing, and Project Management and Cooperative Studies. He has attended various capacity building workshops and seminars organized both locally and internationally. He was a Visiting Research Fellow of the Institute of Developing Economies in Tokyo from 1995 to 1996.

Professor Bee has done researches and has published works in the areas of marketing, co-operative studies and microfinance. Some of his works include “**Microeconomics: A simplified Students’ Handbook**”; “Fair Trade – Fair Futures: The Kilimanjaro Native Cooperative Union Scholarship programme for Children made vulnerable by AIDS” ILO CoopAfrica WP No. 6; “An Emerging Development Cooperation Initiative: The Experiences of Fredskorpset South – South Exchange Programme”, in **Research Report series** by MUCCoBS, Vol. 1 issue No. 1, 2009; “Empowering Farmers’ Cooperatives through Fair Trade: The Case of Three-Coffee Co-operatives in Tanzania” in the **Journal of Co-operative and Business Studies**, Vol. 1, 2003; “**An Assessment of Challenges to Traditional Livelihoods and Newly Emerging Employment Patterns of Pastoralists in Tanzania**”, Job Creation and Enterprise Development/Co-operatives – Indigenous People, ILO Geneva; and “The Impact of Trade Liberalisation on Agricultural Marketing Co-operatives in the Developing Countries: The Study of Tanzania”, **Visiting Research Fellows (V.R.F.) Series No. 289**, IDE, Tokyo.

He has held various administrative positions at the then Cooperative College Moshi and now MUCCoBS that include Head of Academic Departments, Director, Deputy Principal (Academic), and now Principal. He is a member of various Governing Boards including the Council of the Sokoine University Agriculture, the Governing Board of the Mwenge University College of Education, Governing Board of the Moshi University College, and Board of the Moshi Urban Water Supply and Sewerages Authority. Furthermore, he is a Chairperson of a regional Cooperative Microfinance Network (Micronet Network coordinated by the International Cooperative Alliance Regional Office for Africa in Nairobi).

History and Future of Chinese Co-operatives in the context of institutional transition of China

Andrea Bernardi, Anna Greenwood

Abstract

In 1965 Mao Zedong announced his support of the establishment of health co-operatives to provide healthcare to the vast expanses of rural China that did not have easy access to hospitals. This scheme provided basic public health training for local peasants, „barefoot doctors“, who then administered to their communities, typically focusing on preventative, rather than curative medical techniques.

Barefoot doctors and the Rural Co-operative Medical Systems (RCMS) of which they were part became a powerful symbol of the Cultural Revolution. They provided not only an economic and practical means of improving national standards of health, but also underscored the political ideals of the Chinese State — providing a proletarian vision of relevant medical care (utilising both Chinese and Western medical techniques) in contrast to the bourgeois self-interest that elitist Western, urban-based, medicine symbolised. Furthermore, the idea (in existence since the 1930s as part of the wider „Gung ho“ co-operative movement), firmly underscored Maoist priorities of sponsoring agricultural production through communal organizational models of economic management.

Yet the life of the health co-operative was relatively short lived. Although internationally lauded by the WHO as cheap and effective means of supplying rural healthcare during the 1970s the scheme was nevertheless formally abolished in China in 1981. RCMS somehow seemed less relevant as China moved towards a free market economy and the commune system of agricultural co-operatives also folded. This institutional transition will be used as a framework to understand broader economic, social and political changes in China.

This paper, co-authored by a Medical Historian and an Organisational Behaviourist, concludes by making some interdisciplinary reflections on the links that can be made between studying health in history and achieving a deeper understanding of modern health policy and contemporary organisations. It reflects on initiatives, since 2002, to revive health co-operative schemes for rural areas in PRC. How has the history of health in China informed the modern drive towards the establishment of rural healthcare co-operatives in China today? To what extent do these new schemes diverge from the earlier schemes and how might we historically account for these changes in emphasis? Is there room for co-operatives in the Chinese society currently dominated by state and private capitalism?

PROPOSED CONTRIBUTION AND METHODOLOGY:

This paper will highlight the usefulness of historical perspectives in understanding the contextually variable operation of organisations. It comprises the first study of the Rural Medical Co-operative System of China to tie modern analysis of contemporary co-operative culture and organisational fields with its historical origins. The paper is based on extensive analysis of both historical and contemporary Chinese source material, research at the World Health Organisation archive (WHO), Geneva, and modern critical organisational assessment of medical co-operative policy priorities. As such, it presents a rare example of truly interdisciplinary research as a means to extend and supplement studies of organisational behaviour and organisational studies of co-operatives.

The structure is to look at the development of co-operatives in China more generally and then to look at the case of RMCS specifically. Preliminary conclusions will be made about the value of co-operatives in modern China. How has history contributed to both enthusiasm for, and bias against, the co-operative ideal in the Chinese context?

Finally, the paper will consider Chinese co-operatives, and in particular rural health co-ops as the organisational field of our historically-oriented study. At this stage no individual organisations will be presented, though visited in our field work. We will consider Mao as an influencing actor (Czarniawska B., 1988). We will also consider the character of the „Barefoot Doctor“ as a mythological actor of our organisational field (DiMaggio and Powell, 1983).

1 NOMEN EST OMEN: THE ETYMOLOGY OF "CO-OPERATIVE" IN CHINESE
2 THE ESTABLISHMENT OF CO-OPERATIVES IN CHINA
3 CHINESE CO-OPERATIVE ORGANISATIONS TODAY
4 THE RURAL CO-OPERATIVE MEDICAL SYSTEM IN MAOIST CHINA
5 THE NEW RURAL COOPERATIVE MEDICAL ORGANISATIONS
6 COOPERATIVE ORGANISATIONS AND THEIR PAST
7 AN IDEOLOGICAL CONTRADICTION? CO-OPERATIVES IN THE FUTURE OF CHINA.

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ANDREA BERNARDI

Assistant Professor of Organisation Studies, The University of Nottingham, China Campus. andrea.bernardi@nottingham.edu.cn

ANNA GREENWOOD

Associate Professor of History, The University of Nottingham, China Campus.

Social banking in Europe, in particular cooperatively organized – Examples from Austria, Germany, Italy and Switzerland

Johann Brazda und Holger Blisse

Abstract

Not only since the financial crisis has appeared, customers are intensively looking for another form of banking. This is obvious for both, savers and borrowers: The awareness of dubious investment projects of banks and the emergence of environmental technologies and production methods, such as ecological building and organic farming, have increased „green“ financing needs of customers and companies.

Away from the traditional banking business a type of bank has been created with an ethically, socially and/or ecologically responsible business model („social or green bank“). Many of these banks have recorded a growth of deposits since the financial crisis, and they have managed the challenges of the crisis well. Also cooperative banks have proven to be relatively crisis-proof and recorded many new customers and deposits (such as German cooperative banks). Cooperative banks have met great confidence from customers (such as Upper Austrian Raiffeisen banks) and high satisfaction (such as Austrian Volksbanks). However, they were not free from problems that have weakened the central cooperative banks.

The legal form of a cooperative is often chosen by „social banks“. These banks still occupy a niche position, and the intention is often connected with their existence to improve the monetary system. Consequently, they have taken a role model in the field of green investment opportunities, more and more copied by the commercial banks.

Having a look back to start-ups of cooperative „social banks“, the last start-up of a cooperative bank in Germany was in the year 1988, when Ökobank eG (eG: i. e. registered cooperative), Frankfurt on the Main, was founded. The bank fell into economic difficulties and could not stand alone. GLS Bank eG, Bochum, took over the business in 2003. GLS Bank is probably the second youngest German cooperative bank, founded in 1974. Ten years later, the Freie Gemeinschaftsbank, also based on the anthroposophical ideas of Rudolf Steiner, was founded in Switzerland. The Italian Banca Popolare Etica was formed in 1999.

Another trend are cooperative banks which affiliate autonomous entities concentrating exclusively on social banking: The EthikBank is a branch of the Volksbank Eisenberg eG (Thuringia) (2002) and can be described as a direct bank for ethical and ecological investments concentrating on a transparent and responsible banking, the Bank für Orden und Mission is a branch of the VR Bank eG Untertaunus, Idstein (2003), and was founded on the initiative of the Franciscan Mission Centre in Bonn.

In our paper we will try to describe the evolution and success of existing examples of „social or green banks“ in different European countries, in particular Germany, Italy and Switzerland, and analyse possible advantages of the legal form of a cooperative. Additionally, we would like to concentrate on a recent civil initiative to found a social bank in Austria as a cooperative.

Contact:

University of Vienna
Department of Business Administration
Cooperative Studies
Wasagasse 12/2/1
1090 Vienna (Wien)
Austria

Prof. Dr. Johann Brazda
johann.brazda@univie.ac.at
Dr. Holger Blisse (corresponding author)
holger.blisse@univie.ac.at

How watch the dogs? Assessing the Portuguese Credit Co-operative System Governance

Paula Cabo*, João Rebelo

Abstract

In recent years the importance of corporate governance has rising new attention as the 2008 financial crisis illustrates. As other enterprises, cooperatives are subject to pressure for greater efficiency and change in corporate governance. "It is important for cooperatives to consider corporate governance within the framework of their cooperative origins ... building up an effective system of internal control" (Pallervo, 2000:3).

The agricultural credit cooperative system in Portugal is made up of an integrated system (SICAM) of two types of cooperatives: the central and the singles (associated).

The singles are autonomous local banks, called Caixas de Crédito Agrícola Mútuo (CCAM) with their own capital, general assembly and supervision and administration bodies.

The SICAM governance integrates a two-tier system control mechanisms: the singles and the SICAM control mechanisms.

The singles use a model in which there is both a supervisory board and a board of directors formed by the member-owners. They represent the general assembly interests monitoring CCAM management. An efficient control dictates that CCAM performance and the turnover of the supervisory board and board of directors' members should be negatively related. However, several factors, as the increasing complexity of banking activity and the decline in member participation in general assembly [as illustrated by Spear (2004) user based co-operatives frequently have a very low level of member participation at general assembly] affects its efficacy.

SICAM mechanisms lay on Central CCAM supervision role and on cooperative merger activity. Although Bank of Portugal are the responsible for the banking sector supervision, regarding SICAM associates the law delegates great part of these functions in the Central CCAM. Central CCAM is empowered to intervene in the associates, by the assignment of a representative to track CCAM management or the nomination of provisory directors. When it verifies a disequilibrium situation that can jeopardize the CCAM daily running, the solvency is at risk or serious irregularities occur. Plus, when the associated is in (risk of) financial disequilibrium and unfollow Central CCAM guidelines, Central CCAM can dismiss total or part of the associated management and supervision boards and assign provisory directors to them (Cabo and Rebelo, 2010). Long term inefficiencies are often solved by the CCAM incorporation (or merger with) a more efficient CCAM.

This paper intends to illustrate how SICAM internal control is organized and assess its efficacy. Using data from 1995-2009 period, and multinomial logit model the paper analyse the relation between CCAM performance and the various control mechanisms operating in SICAM. The results show up the importance of the Central CCAM supervision task in the monitoring their associates and its effect over SICAM overall performance.

Keywords: governance, cooperatives, two-tier control system, multinomial logit

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*corresponding author

Paula Cabo*

Assistent, Polytechnic Institute of Bragança (IPB) and Mountain Research Centre (CIMO), Campus de Santa Apolónia, apartado 1172, 5301-855 Bragança, Portugal, E-mail: paulacabo@ipb.pt

João Rebelo

Full Professor, Department of Economics, Sociology and Management and CETRAD, University of Trás-os-Montes and Alto Douro, Av. Almeida Lucena, 1, 5000 – 911 Vila Real, Portugal, E-mail: jrebelo@utad.pt

Rationality and Supportive transfer: a theoretical and empirical co-operative advantage

Darío Castillo Sandoval

Abstract

This document is descriptively and quantitatively demonstrates some of the advantages of the cooperative and supportive of other business operating in a market. Specifically, it shows how a cooperative savings and credit activity may be more efficient than a traditional bank, where operating costs of the charity organization allow you to transfer part of its efficiency to service partners that are then measured in an added in the so-called Cooperative Social Balance. In short, the letter explains the equation:

$$Yd = Y + Tr - Tx + Str$$

Where Yd is disposable income for a partner to a joint enterprise, and is the partner's income or wages, Tx is the tax paid by a company associated with caring and supportive Str is the transfer, which is the share of income that associated to save to consume certain goods and services at prices lower than market prices, thanks to the pricing system that manages your company for development, for example, a cooperative. In the first part of the paper provides a brief theoretical reflection of the macroeconomic and microeconomic basic equations from the Keynesian approach, as an introduction to understanding the terminology used. Later, I explain the transfer of solidarity with simple equations and finally made a presentation of partial results from the application of these equations in the case of Colombia

Can the cooperatives be more profitable than a capital company?

According to our investigations, the answer is "yes". From the comparison on the available incomes of associates to cooperative companies in contrast to the available incomes of non-associated people to any supportive company, it was possible to proof that associates to cooperatives managed to have a positive differential in their available incomes. The explanation? It is the Supportive Transference (STr) (transfer of solidarity or, solidarity transfer), which is conformed by all the quantified benefits of the cooperative advantage. These benefits are, among others: A) The summation of price differentials obtained by the cooperatives by means of agreements with third parties, against the prices of markets; B) summation of the subsidies or aid to the associates thanks to the distribution of the surpluses in funds of specific destination; C) The distribution of surpluses and revaluation of contributions; D) In the case of cooperatives with financial activity, the interests paid to the savings plus the rate differentials on the credits of the associates in comparison to market rates. And, although there are more differential factors, only with the sum of the factors A, B, and C, we have found STr among US\$150 and US\$750. If we add factor D we have found transferences of up to US\$2000 average in groups of cooperative associates with saving and credit services.

What non-cooperative bank offers so much money as a rent from a savings account?

Keywords: cooperatives, Colombia, cooperation, C factor, co-operative advantage, Social Balance, Social Responsibility in Social Economy Sector.

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Author

Darío Castillo Sandoval (academic link)
Member of CIRIEC Colombia

Professor - Assistant, a member of DDDR
Coordinator, Solidarity Studies Unit- UNES, School of Environmental and Rural Studies,
Pontificia Universidad Javeriana University, Colombia.

Fax number: 571 287 56 99

Emails: dcastil@javeriana.edu.co / dariocastillo1@gmail.com

Rationality and supportive transfer: a theoretical and empirical co-operative advantage

CONVERGENCE AND DIFFERENCES IN THE RECOVERING BUSINESS STRATEGIES FOR WORKERS IN COLOMBIA: Analysis of case studies of social risk management

Darío Castillo, Ricardo Dávila, Olga Lucía Huertas

Abstract

How does the law relate to 550 of 1999, the companies managed by their former employees and the concept of social risk management? The aim of our research focuses on showing how they have designed business survival strategies in companies managed by their workers in Colombia

The cases analyzed in this study are recovered enterprises in the hands of its workers Cohilados del Fonce (cooperative) Cotrahostal (cooperative) Forever Industries (corporation) and Ergio (corporation). The first two located in two municipalities in the country and the latter two located in the capital of the republic and also, being the companies operating under the law 550 of 1999.

This work is the result of a research culminated in 2010 by members of the Solidarity Studies Unit from Universidad Javeriana University (Unidad de Estudios Solidarios – UNES). The case studies are the result of negotiations made by former employees of the same with the original business owners around the country's economic crisis of the late 90's, but under different conditions.

Unlike others documents that tell anecdotal experience or which enhance the entrepreneurial spirit of the workers who have taken the lead and control of factories or companies that formerly employed, this paper explores how they have chosen different ways from the economic to administrative matters, addressed to the defense of jobs and employment as the main element of "success" and thus, are put in place strategies for social risk management.

The structure of our document begins with a brief description of economic events that accompanied the national economic crisis in the 90's. Then we make a reference to the concept of strategy in the social risk management and then focus on the research findings from the methodology implemented in the case studies. As conclusion is outlined that the workers who have assumed the company under the cooperative form have achieved better economic and social results.

Keywords: cooperatives, Colombia, economic crisis, social risk management, worker cooperative.

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Authors

Ricardo Dávila L. de G. (rdavila@javeriana.edu.co)

Olga Lucía Huertas (olga.huertas@javeriana.edu.co)

Darío Castillo Sandoval (dcastil@javeriana.edu.co) - Speaker

Unidad de Estudios Solidarios (UNES – Universidad Javeriana)

Facultad de Estudios Ambientales y Rurales

Pontificia Universidad Javeriana

Bogotá DC – Colombia

Capitalism Isn't Working

Balancing the Accumulation and Disintegration of Financial, Social and Environmental Capitals

Molly Scott Cato

Abstract

The process of financialisation has led to a world in which the requirements of money trump all others. Whether we look at football or music, the relationship between producer and consumer is now dominated by the financial interest. The credit crisis represents the logical end-point of this process, whereby capital begins to feed on itself and thereby sucks the life out of communities, environments and national polities. Co-operative business structures were originally designed to enable workers and those with a small amount of capital to invest to establish businesses to compete in the market-place against those which operated for the interests of the rentier class. It has therefore always prioritised the achievement of non-financial objectives by businesses.

This paper explores how the different interests in an economy have been affected by the process of financialisation that typifies the late phase of capitalism, using the Five Capitals framework as a theoretical lens. The paper begins by summarising literature about financialisation. It moves on to consider why co-operative businesses and co-operative finance might be motivated differently than capitalist finance and the pressure on co-operative capital that has resulted from the process of financialisation of the economy.

The paper considers the Five Capitals framework developed by Forum for the Future. It questions whether the five capitals included in the model—human capital, manufactured capital, financial capital, social capital, and natural capital—constitute a coherent framework for analysing the economy. It then uses this conceptual framework to explore how the other capitals have been exploited through the process of financialisation and proposes how a co-operative approach to considering all the capitals simultaneously might suggest a way forward in protecting society and the environment against further exploitation.

Lilliput in the Gulliver World: Analysis of the Growth of Italian Mutual Banks from 2004 to 2009

Ivana Catturani* and Maria Lucia Stefani**

Abstract

Small Italian banks have experienced substantial growth since the mid-1990s. Some authors have argued that small banks benefited, at least during the period 2000 to 2006, from the consolidation process of larger banks; others have stressed the role of their specific lending strategy, which is based on their close relationship with clients and their ability to use soft information both to screen and price. Small banks have supported local economies particularly during the recent financial crisis. Among small banks, mutual cooperative banks (*banche di credito cooperativo*, hereafter MCBs) performed particularly well in terms of expanding the value of their business and increasing the number of both their members and branches. In 2009 MCBs held the largest market share for lending among small banks.

Despite the interest in mutual banks, motivated by their nonprofit and local character, there is little evidence about their heterogeneity, which, on the contrary, is important and increasing. The past literature has considered these banks as a homogeneous group, which follows a common traditional growth path. Figures have shown how differences among MCBs are not only marked but also, in many cases, statistically significant. MCBs have chosen different growth paths according both to the geographical area in which they have been working and to their size.

In this paper we cluster MCBs according to the geographical area where they have been working and to their size. The analysis focused at underlying the various growth path of Italian MCBs, will be run in three steps: in the first step we describe the growth rate of structural and economic data about MCBs with the tools of the descriptive statistics, in the second, the growth of lending will be analysed through a shift and share exercise; in the third step the impact of mergers on the growth of MCBs brokered funds will be studied. Data will be borrowed from Bank of Italy and integrated with geographical and socio-economic data from ISTAT.

JEL Classification: G21, G32, L3

Key words: cooperative banks, relational banking, social capital, small banks, Italian banking sector

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* University of Trento, CIFREM, ivana.catturani@unitn.it

** Bank of Italy. Trento branch. marialucia.stefani@bancaditalia.it

GLOBAL COOPERATIVE STATISTICS: WANTED, NEEDED, BUT POSSIBLE?

Yves Chamorel

Abstract

Cooperatives are significant actors in national economies contributing to a considerable extent to Gross Domestic Product (GDP) in many countries around the world. They are responsible for improving the livelihoods of millions of people through the provision of goods and services, as well as the creation and maintenance of direct, indirect and self-employment, and income. Yet, the significance of the contribution of cooperatives to economic and social development continues to remain inadequately measured and insufficiently studied at the global level.

The lack of comparable and reliable cooperative data has been recognized at the global level by the United Nations (UN) and its agencies as well as the cooperative movement itself. Both the United Nations and the International Labour Organization (ILO) have addressed the issue in a number of policy instruments. Work began but resource questions have limited advancement.

With the declaration of the International Year of Cooperatives 2012, an opportunity exists to make significant headway in these efforts by introducing common indicators for the collection of cooperative data at a global level. Access to such data will facilitate macroeconomic analysis of the role cooperatives play in their national and local economies, in economic sectors and in creating and maintaining livelihoods. It will also facilitate policy and law formulation and assist in raising awareness on economic contribution of cooperatives as well as provide an invaluable resource for the cooperative movement itself.

The ILO Cooperative Branch is undertaking a pilot project on cooperative statistics with the assistance of the ILO Statistical Department. Its aim is to develop a proposal for a common methodology for the collection of cooperative data that will allow the collection of cooperative data through existing statistical services and to facilitate the eventual introduction of cooperative data in UN and ILO statistical surveys to enable global statistical data to be made available.

The ILO selected fifteen countries from around the world for the collection and analysis of data. It collected all available data from a wide variety of sources. Indicators have been analysed and sectoral definitions clarified taking into consideration both statistical practice and the legal definitions of the cooperative sectors. A comparative analysis was also undertaken to identify a select number of indicators where it is likely to find sufficient data across countries to compare and aggregate data. A mapping exercise will then be undertaken to determine how these relate to UN International Standard Industrial Classification (Rev.4) and investigate the feasibility of the inclusion of cooperative indicators in UN statistical surveys.

The pilot has not yet been completed, but preliminary findings will be shared.

Yves Chamorel, Consultant, Cooperative Branch, International Labour Office (ILO) Geneva, Switzerland

PROMOTION OF COOPERATIVES: BRIDGING THE RESEARCH GAP FOR IMPROVED POLICY FORMULATION

Maria Elena Chavez Hertig

Abstract

The International Labour Organization (ILO), a specialized agency of the United Nations (UN), is the only UN institution with a specific mandate to work on cooperatives. Cooperative promotion is not only included in its Constitution, but ILO's work on cooperatives is guided by an international standard on cooperatives, Recommendation 193 on the Promotion of Cooperatives.

ILO promotes cooperatives as a means of finding solutions to global issues such as the jobs crisis and realizing the Millennium Development Goals which set targets to reduce poverty and hunger, improve gender equality and adequate shelter, reduce disease, improve health and education, work towards environmental sustainability, among others. It looks to cooperatives as means of advancing decent work, social protection, social justice and fair globalization.

However, awareness about cooperatives and knowledge about the cooperative model of enterprise continues to pose challenges. ILO constituents – governments, workers and employers organizations – are not sufficiently exposed to information on cooperatives. Research and evidence-based analysis on the cooperative model of enterprise in particular and its ability to address global issues is limited. And yet up-to-date and practically-based research can inform policy papers, discussions and policy formulation and ensure that the cooperative model of enterprise is fully taken into consideration.

The ILO Cooperative Branch seeks to be one of the centres of competence on cooperatives for the global community. It aims to raise public awareness on cooperatives through evidence based advocacy and sensitization to cooperative values and principles; it promotes the competitiveness of cooperatives by developing tailored tools to cooperative stakeholders including management training, audit manuals and assistance programmes; it promotes the Inclusion of teaching of cooperative principles and practices at all levels of the national education and training systems; and, provides advice on cooperative policy and cooperative law, including participatory policy and law making and the impact on cooperatives of taxation policies, labour law, accounting standards.

A recent initiative has been the creation of an internet-based resource guide on cooperatives which not only makes available ILO publications and documents, but a wider selection of global information resources. In compiling the guide, it became apparent that recent research on global subjects was scarce indicating both a research gap on global and regional issues, as well as missed opportunity for partnership with the research community. More is needed in the way of studies on the specificities of the enterprise model (capital and governance challenges), its flexibility and expansion in new sectors of activity, its impact on global challenges – migration, youth unemployment, sustainability issues, and what makes the model more resilient to crisis. These are only a few areas where research would help inform international and regional discussions and lead to positive results for the promotion of cooperatives especially in light of the upcoming International Year of Cooperatives.

Maria Elena Chavez Hertig, Chief, Cooperative Branch, International Labour Office (ILO)
Geneva, Switzerland

Transition of agricultural co-operatives on South Podlasie - from bureaucratic structures into free market entrepreneurship

Zofia CHYRA-ROLICZ

Abstract

Southern Podlasie, the agricultural region on so called Eastern Wall of Poland had had long lasting co-operative tradition of common economic activity, going from XIX century. Different co-operative activity in peasants circles, dairy, consumers, saving and credit chaises were popular among peasants and habitants of small towns. It was the way of economic and social progress entered into countryside. The bureaucratic structures were imposed on the co-operative movement and it loosed competitiveness ability in the period of the Polish People's Republic.

The time of political, economic and social transformation after 1989/1990 brought for co-ops deeply regress, destruction of an old socialist structures created in central planned economy and adaptation to market economy. The study will deal with an analysis of the number of co-ops' units in the former Siedlce, Biała Podlaska, Łomża and Białystok provinces, which had existed into following branches: the peasants' self - help, supply and marketing, dairy, horticultural and apiculture, banking, handcraft, farming peasants' cercles. Moreover, it discusses the achievements of consumer co-ops' in Siedlce region and its successful strategy towards the free market economy. The proof of free market rivalry had been very hard for agricultural co-ops. The high percentage of them collapsed, but there are also a good examples of successful adaptation into new condition of activity. The banking co-ops have played very important role in developing of entrepreneurship in local scope, serving not only for their members, but also for support private small business.

The hope connected with UE integration didn't change situation of co-ops into better. The UE's funds were not addressed into co-ops, which must fight for survival calculated on own forces and the knowledge of their leaders and staffs. It was strong struggle for saving enterprises, jobs and possibility do existing in condition of very high unemployment. These circumstances has strong influence for renewal of social links shareholders with their co-operatives.

Author:

Prof. dr hab. Zofia CHYRA-ROLICZ

Siedlce University of Natural Science and Humanities, Department of Humanities

e-mail: CHYROL@op.pl

tel. mobil +48 - 507 577 754

home tel.; +48 -0 -222-111-403

home address: ul. Pieńkowskiego 4/68, 02-668 Warszawa, Poland

What Can the United States Learn from the Italian Social Cooperatives?

Christina A. Clamp

Abstract

Social cooperatives are a well established organizational form in Italy for the delivery of health, social and educational services and as a job creation strategy for moving disadvantaged people into work. This form of cooperatives is well established in Italy dating back to 1974. It is not so well known in the United States, despite the presence of social cooperatives there as well. This paper will summarize the characteristics of the Italian cooperatives and the types of services they provide. This serves as a framework for examining social cooperatives in the United States.

In the United States, social cooperatives have developed in education, childcare, workforce development, health and human services sectors. In home care for the elderly, there are two caregiver cooperatives in Wisconsin; Cooperative Cares Cooperative Home Care Associates in New York; Childspace in Philadelphia, and a number of cooperatively run charter schools. This paper will examine social purpose worker cooperatives in the United States. American social cooperatives will be compared to the Italian social cooperatives. The analysis will draw both from secondary sources, and interview data from the social cooperatives in the US and Italy. It will also draw from the author's experience with cooperative development organizations in the United States.

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Author: Christina A. Clamp
 Affiliation: Southern New Hampshire University,
 Contact Address: 2500 N. River Rd.
 Manchester, NH 03106-1045
 Fax Number: (603)644-3130
 Phone Number: (603)644-3154
 Email address: c.clamp@snhu.edu
 Language: English

Food Cooperative Development and Economic Diversity

Christina A. Clamp, Jolan Rivera

Abstract

The development of food cooperatives in the United States has traditionally followed a development-from-below approach that emphasizes shared leadership and membership communities. This paper reports on evaluation research conducted on 11 food cooperative startups in the United States. The Food Cooperative Initiative utilizes a development model "based upon the four cornerstones of vision, talent, capital, and systems that are each within three stages of food co-op development: organizing, feasibility and planning, and finally implementation. The four cornerstones and their three stages comprise a process for developing a cooperative retail food business." (FC500, 2009).

Specifically, the study examines the extent to which support from Food Cooperative Initiative and other support systems (if any) contributed to [1] hastening (i.e., faster) and enhancing (i.e., more effective) the start-up process -- from organizing to planning, and from planning to implementation, and [2] the formation of a group's vision, talent, capital and systems. The research question for this study was: How effectively are the groups who want to start food co-ops being served by the existing resources of the Food Co-op Initiative? Some leaders in the US food cooperative sector consider this to be an inefficient way to grow new cooperatives. They argue that expansions of existing co-ops is a more efficient way to reach new consumer cooperators.

The research is a cross-sectional case study. It is a case study in the sense that it is an in-depth examination of only eleven (11) out of the entire population of all food co-ops in the United States. It examined changes that food co-ops experienced from the initial organizing to the implementation of co-op start-up activities. It is cross-sectional in the sense that it compares the experiences of a variety of food co-ops based on the following variations:

- food co-ops that availed of services/resources vs. those who did not;
- food-coops that availed of grants/loans vs. those who did not;
- "big" food-coops (i.e., greater than 3,000 feet of retail space) vs. "small" food co-ops (i.e., less than 3,000 square feet of retail space); and
- rural food co-ops vs. urban food co-ops.

The paper describes the research methodology used for developing the case studies; the 11 case vignettes and concludes with an assessment of how the development model compares to the actual development process in the cases. Utilizing a comparative analysis of the cases, we will discuss the study findings, conclusions and recommendations for effective development of food cooperatives.

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Author: Christina A. Clamp, Jolan Rivera
 Affiliation: School of Arts & Sciences School of Business
 Southern New Hampshire University
 Contact Address: 2500 N. River Rd.
 Manchester, NH 03106-1045
 Status: Clamp: Professor, Rivera: Assistant Professor
 Fax Number: (603)644-3130
 Phone Number: (603)644-3154
 Email address: c.clamp@snhu.edu, j.rivera@snhu.edu

Credit cooperatives exit and failure in Brazil: a risk analysis

Flavio Leonel de Cravalho¹, Maria Dolores Montoya Diaz²
Sigismundo Bialoskorski Neto³, Aquiles Elie Guimarães Kalatzis.⁴

Abstract

The present study aims to assess which factors determine the failure and duration of credit cooperatives in Brazil and whether different types of failure are related to different factors. The analysis was based on the quarterly balance sheets of Brazilian credit cooperatives from 1995 to 2009. Using survival and competitive risks models, it was concluded that different types of failures are caused by different factors, there is no statistical evidence to ensure correlation between profitability and continuity of credit cooperatives, the credit cooperatives size is a decisive factor for their survival and longevity, and their funding and investments management is related to their continuity and risk of failure. The present study shows that it is possible to monitor and take corrective actions when necessary to correct financial problems on credit cooperatives using their financial information. Moreover, it appears that social and economic performance must be weighted when evaluating and monitoring these institutions.

JEL Classification: G21; C41

Keywords: Microcredit, Credit Union, Efficiency, Survival, Longevity.

¹ Phd Candidate – University of São Paulo at São Carlos – School of Engineering

² Professor Dr. - University of São Paulo at Ribeirão Preto – School of Business and Economics

³ Full Professor - University of São Paulo at Ribeirão Preto – School of Business and Economics.
Research Program on Cooperatives. www.fearp.usp.br/cooperativismo. sig@usp.br

⁴ Professor Dr. – University of São Paulo at São Carlos – School of Engineering

THE INCORRECT PROFIT TAXATION

Rafael Cunha

Abstract

The Republic of Brazil's Federal Constitution, *supra legem*, determine that for co-operative acts one should follow a complementary law.¹

The especial statute of co-operatives societies, Lei das Sociedades Cooperativas (1974), enlighten that the co-operative act does not imply in market act, neither in contract of buying and selling products or commodities.²

In 1954, the Rhodia employees constituted a consumer co-operative society. Currently it is called COOP – Cooperativa de Consumo and it has around 1.550.000 partners, being considered the Brazilian most important consumers co-operative.³

Due to the growth of the Supermarket Companies lobby power, the Brazilian government throughout the Federal Administration, changed the statute in order to preserve the taxes collection from the Co-operatives. As a result, the government started to collect a tax on profit, yet co-operatives does not aim profit.

Despite of the Federal Constitution's foresight and its special statute, the Federal Administration do not use correctly the law, therefore harming Co-operative societies, partners and community.

The administration has not yet availed itself in order to resolve those cases. In all of them the judicial actions are not well appreciated.

¹ Constituição da República Federativa do Brasil (1988) <http://www.planalto.gov.br/ccivil_03/constituicao/constitui%C3%A7ao.htm> at 14 june 2011.

² Lei Ordinária nº 5.764 (1971), section 79, <http://www.planalto.gov.br/ccivil_03/Leis/L5764.htm> at 14 june 2011.

³ COOP – Cooperativa de Consumo (2011), <<http://www.coop-sp.com.br/>> at 14 june 2011.

The association of labour as a tool for labour market regulation. A historical and theoretical perspective on a contemporary Finnish case study.

Peter Davis and Hanna Moilanen

Abstract

Worker co-operatives are a relatively new phenomenon in Finland. Since the 1990's, worker co-operatives as a form of entrepreneurship have received increasing interest. There are different ways of understanding the concept of a worker co-operative in Finland due to the heterogeneity of worker owned co-operatives. The Finnish case study presented in this paper describes the gamut of worker co-operatives in Finland.

The paper attempts to answer the question of what kind of worker co-operatives there are in Finland and what kind of functions they perform in the areas of the work and employment as joint-owners.

Part of the answer however may lie in situating this recent Finnish phenomenon in the wider historical context of organised labour in the global labour market. In the light of international experience and by attempting to view "worker co-operation" in the global context the paper argues we can make better sense of the Finnish experience and also see how important this case study may be for the wider international context. The worker co-operative sector the paper argues includes a rich variety of forms of worker co-operation. When analysed separately these various forms of worker co-operation often appear marginal, uncoordinated, or even flawed.

The paper will argue that when taken as a whole they present a multi-level strategy for labour market regulation through which worker co-operation could become an effective global strategy for achieving real distributive justice countering the technological and supply side challenges that prompted this Finnish innovation.

The paper attempt's to build a wider labour market based conceptual framework of worker co-operation. Firstly, by recognising the importance of mobilisation of incremental savings for the regulation of the labour supply. Secondly by identifying worker co-operation as the over-arching framework integrating a broad typology of organisational forms. Thirdly, the paper identifies one of these forms - trade unions - as offering an institutional setting for mobilisation, integration and dissemination of worker co-operation which would refocus trade union activity and strategy towards additional labour market regulatory strategies without deflecting from their function as agents for collective bargaining.

Key Words

Collective Bargaining, Conceptual Analysis, Employment, English Labour Economists, ESOPS, ICOM, ICOF, Incremental Capital Accumulation, Labour Market, Labour Supply, Mondragon, Worker Co-operatives, Technology, Trade Unions.

Work integration social cooperatives: new opportunities for disadvantaged people and new trends for cooperatives in Italy

Sara Depedri and Carlo Borzaga

Abstract

Cooperatives are progressively increasing their social role both in general, when looking to their role in modern economies and especially during the crises, and with regard to the general interest services sector in particular. Italy recognised social cooperatives in 1991 through law n.381, which distinguished the new cooperative typology between social cooperatives producing social services (A-type social cooperatives) and social cooperatives for work integration of disadvantaged people (B-type). B-type cooperatives have significantly increased in number during these 20 years, demonstrating an especial role in satisfying the increasing and diversifying demand of work integration. Classes of disadvantaged people have along time extended from people with physical and psychical disadvantages to also people with difficulties in the access to the open labour market. Furthermore, work integration social cooperatives seem have progressively developed new procedures, techniques and strategies to better develop training and cognitive abilities of disadvantaged employees and to integrate employees in the open labour market.

The paper demonstrates that the work integration can be considered a new trend of activity for cooperatives and that social cooperatives represent a concrete opportunity for disadvantaged people in order to increase their skills, their opportunity to access the open labour market, and their psychological wellbeing. The paper introduces an investigation carried out on work integration social enterprises in the province of Trento, Italy, and on a sample of disadvantaged workers employed in these organizations from 2003 to 2006. The investigation allows for the evaluation of the role of social enterprises in work integration through three different analyses and models. The first consists of a costs savings perspective, through the analysis of the reduced expenses on the part of the public administration when people are integrated in social enterprises while being supported by public services. The second analyses carried out by estimating the increased social and economic wellbeing of disadvantaged workers and their level of satisfaction with the organizational environment and training. Finally, the third type of evaluation is carried out by individuating innovative practices promoted and planned by social enterprises to increase both skills and job opportunities on the open labour market for disadvantaged workers.

Authors: Sara Depedri (main) and Carlo Borzaga

Organisation: Department of Economics - University of Trento & Euricse (European Research Institute on Cooperative and Social Enterprises)

Contact address: Department of Economics- University of Trento- Via Inama 5- 38122 Trento- Italy

Phone number: 0039/0461/282221

Email address: sara.depedri@unitn.it

FEELING SATISFIED BY FEELING MOTIVATED AT WORK: EMPIRICAL EVIDENCE IN THE ITALIAN SOCIAL SERVICES SECTOR

Sara Depedri, Ermanno Tortia, Maurizio Carpita*

Abstract

The paper contributes to understanding of the determinants and the construction process of job satisfaction. Job satisfaction is assumed to derive from a composed mix of incentives received on the job, equity perceived and employee motivations, while it is no longer possible to assume that the wage is the sole (nor the main) variable influencing worker behavior. This claim is especially valid in social enterprises, where worker behavior is difficult to monitor and evaluate, while high intrinsic motivations can better explain job satisfaction.

The empirical analysis exploit a unique database on 4,134 employees working in 320 Italian social enterprises. Categorical principal components analysis, factor analysis, and Rasch measurement models are used to group the items of intrinsic and extrinsic satisfaction, motivations and fairness. Econometric results obtained by means of linear and ordered logit models show the importance of motivations and perceived fairness in explaining worker on the job wellbeing. Furthermore, organizational perceptions and the work environment are found to be significant as are individual perceptions and motivations.

Key words: worker satisfaction; motivations; procedural fairness; distributive fairness; interactional fairness; context

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JEL classification: D23; J28, J50; P13

Maurizio Carpita is Full Professor in the Department of Quantitative Methods at the University of Brescia, Italy. Department of Quantitative Methods, Contrada di S. Chiara, 50, 25122. Tel. No.: 030/2988642; Fax no.: 030/2400925. He he teaches Statistics. E-mail: carpita@eco.unibs.it

Sara Depedri is Research Fellow in the Department of Economics at the University of Trento, Italy. Department of Economics, Via Inama, 5, 38122 Trento, Italy. Tel. no: +39 0461 282251; Fax no.: +39 0461 282222. She teaches Economics of Employment Choices and Workers' Motivations and Economics of Nonprofit Organizations. E-mail: sara.depedri@unitn.it

Ermanno Tortia is Assistant Professor in the Department of Economics at the University of Trento, Italy. Department of Economics, Via Inama, 5, 38122 Trento, Italy. Tel. no: +39 0461 282251; Fax no.: +39 0461 282222. He teaches Economics of Cooperative and Nonprofit Organizations. E-mail: ermanno.tortia@unitn.it

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Development of the System of Labour Productive Cooperatives in Bulgaria in terms of EU Membership

Prof. D.Sc. Julia Doitchinova, Prof. D.Sc. Ivan Kanchev,
Assoc. Prof. Albena Miteva PhD -

University of National and World Economy

Abstract

Bulgaria's membership in the European Union determines the orientation of our country in line with the main strategic priorities of Europe 2020. Addressing the development of cooperatives in this area involves not only creating high levels of employment, but also boosting the processes of social and territorial cohesion.

The main purpose of the paper is on the basis of the theoretical characteristics of the Labor-productive cooperatives to develop an analysis of the activity of the system of National Union of Labor-productive cooperatives in Bulgaria and to define the strategic directions and priorities for its development and for achieving the objectives of Strategy 2020.

The paper sets out to prove two main hypotheses, which derive from the purpose and objectives of the study:

- Labor-productive cooperatives on its economic nature, purpose and tasks have great potential for development of social activities and a social commitment to low-income population groups and people with disabilities;

- Improvement of Labor-productive cooperatives as a subject of social economy will transform them into a major cooperative form for participation of a significant proportion of the population.

Main place in the report is devoted to the assessment of organizational, economic and social activity of the National Union of the Labor-productive cooperatives in the context of their economic and financial situation. Are used one-dimensional and two-dimensional distributions, SWOT-analysis and others. Are formulated strategic priorities and directions for development of cooperatives in order to transform them into major actors of the social economy in Bulgaria.

Coops and young: Service learning as a bridge

Dra. Marta ENCISO, Dra. Arantza ECHANIZ, Dra. Aitziber MUGARRA

Abstract

Co-operative movement has had in the past, has now and will have in the future the main challenge to success: how to build co-operative members? Co-operative as legal formula in different countries, has a number of requirements for its establishment. Indeed, as cooperative movement has got influence in legislative process, these requirements are more flexible and agil. But the problem is not the time and administrative effort to establish the cooperative, but to find those persons that form the cooperative and give it life and dynamism.

Therefore becomes of paramount importance the principle of education, which reminds us that: "Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public -particularly young people and opinion leaders- about the nature and benefits of co-operation."

The next generation of potential co-operative members is now young people, the quarry from which can emerge the future leaders of our organizations, but this quarry -as long since discovered, for example, football clubs- must be spoiled and enhanced, informed and educated about "the nature and benefits of cooperation" so that these young people fix their gaze on the social economy and in this other way of understanding the business generating wealth and wellness. Without this replacement, there is no future for the global cooperative movement, which explains the emphasis in its own Declaration of Principles.

In this task the university had in some cases open the possibility that students could choose any elective course in the matter, but the university reform after Bologna has reduced teaching time and has closed many of those doors allowing the presence of cooperation in the educational curriculum. But while the emphasis of this reform to the capacities against the simple knowledge opens a new door through service-learning methodologies included in the curriculum.

Service-learning is a pedagogical model that develops learning through service to the community, expressed in a concrete intervention project, linking curricular learning to the exercise of active citizenship. Thus, improving service learning, what is learned can be transferred through action and can provide quality service to the community. And the service improves learning, what motivates and gives sense, brings vital experience and new learning can be drawn. "Tell me and I forget, show me and I remember, involve me and I learn" said Benjamin Franklin. This methodology opens a new pathway for the formation of potential co-operative members, a fundamental requirement for good promotion of cooperatives. And in that task we must engage both the universities and training centers, looking for a meaningful and experiential learning of our students, and co-operative and social economy organizations to provide new learning environments that allow young people to approach the cooperative experience.

Key words: cooperatives, education, young people, service-learning.

Dra. Marta ENCISO (marta.enciso@deusto.es)
Dra. Arantza ECHANIZ (aechaniz@deusto.es)
Dra. Aitziber MUGARRA (aitziber.mugarra@deusto.es)
Institute of Cooperative Studies
Deusto University
P.O.Box nº 1, E-48080 Bilbao

How viable are Spanish credit cooperatives after recent bank capitalization and restructuring regulations?

Gemma Fajardo Garcia, Vanessa Marti Moya

Abstract

Credit institutions in Spain can be banks (*sociedades anónimas*, similar to PLCs), savings banks (foundations) or credit cooperatives (rural savings banks, workers savings banks or professionals savings banks)

The 2008 financial crisis triggered by sub-prime mortgages did not have any serious effect on the Spanish credit sector. Since then, however, a major property over-supply crisis has erupted in Spain and this has affected the credit sector, which had provided excessive funding to companies for housing development and building and to individuals for property purchases.

Because the credit institutions' loans to property companies are not being repaid and they are not obtaining credit in the interbank market, they are running into liquidity problems. This is affecting the economy in general, leading to unemployment, to closures of small and medium-sized companies and, in turn, to greater difficulties in recovering loans made to personal customers.

In short, the credit institutions have accumulated assets in the form of enormous quantities of land and buildings and because of the recession, the value of these assets is decreasing over time, aggravating their solvency problems. The situation is further complicated by the capital requirements introduced by Basle II and III to guarantee the solvency of the banking system.

All these factors have hit the savings banks and credit cooperatives particularly hard, the former because they are the main source of loans for property building and purchase and in both cases because, not being share-based companies, they find it difficult to obtain funds in international markets and to achieve the level of capital now required of them.

In recent years Spain has adopted measures to solve this situation which involve restructuring its financial sector and envisage the disappearance of savings banks and credit cooperatives in what is termed the *bancarización* of the credit sector, meaning their conversion into banks, bringing them into the mainstream banking sector.

The measures adopted take a variety of forms. They include applying the new Basle III capital requirements to savings banks and credit cooperatives at an earlier date than to banks, forcing them to merge into or join financial institutions with the legal form of a bank, or providing incentives for credit cooperatives to turn into banks.

With respect to credit cooperatives, these measures contravene UN General Assembly Resolution A/RES/64/136 of 18 December 2009, which encourages governments to keep under review the legal and administrative provisions governing the activities of cooperatives in order to enhance their growth and sustainability (section 5) and invites them to promote the growth of financial cooperatives (section 9).

In this paper we propose to examine the legal measures adopted in Spain and the impact that they have or could have in practice, mainly on credit cooperatives.

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AUTHORS:

Professor Gemma Fajardo Garcia. IUDESCOOP Research Institute. University of Valencia (Spain) (fajardo@uv.es)

Assistant Professor Vanessa Marti Moya, LL.M. in European Studies (College of Europe). PhD in Law University of Valencia (Spain) (Vanessa.Marti@uv.es).

Organizational Structure and Exposure to Crisis among European Banks: Evidence from Rating Changes

Giovanni Ferri, Panu Kalmi, Eeva Kerola

Abstract

Stakeholder-owned banks (co-operative and savings banks) are prevalent in European banking markets. In many countries, they have a larger market share than profit-maximizing banks. Their ownership structure that prevents takeovers has often been viewed as impediment to economic efficiency. The financial and economic crisis that started in 2007 has led to a re-evaluation of many earlier beliefs on the banking sector. However, it is yet unclear what general lessons there is on the comparative performance of different types of banking organizations, as there are successes and failures among both stakeholder-owned and profit-maximizing banks.

In the paper we build upon our own previous work (Ferri, Kalmi and Kerola 2010) and to that of others (Desroches and Fischer 2005) in making clear differentiation between different types of stakeholder owned banks. We divide them into tightly federated co-operative banks, loosely federated co-operative banks, private savings banks, and public savings banks. We develop theoretical insights how these groups differ from each other, so one can expect significant heterogeneity among stakeholder-owned banks.

The aim of this paper is to provide one of the first analyses on the performance of stakeholder banking vs. profit-maximizing banks in Europe during the financial and economic crisis, based on statistically adequate samples. The evidence comes from the bank financial strength ratings from major rating agencies. This type of data is less susceptible for certain types of measurement error than standard financial statements, and it is more readily available as the crisis unfolds. However, there are certain concerns (rater subjectivity, potential bias towards profit-maximization objective) we discuss in the paper as well.

The preliminary results indicate significant heterogeneity in the performance of both stakeholder-owned banks and profit-maximizing banks. Certain types of stakeholder financial institutions appear to have been severely inflicted by the mortgage crisis, especially Spanish private savings banks and UK and Irish building societies. However, the one group of banks that appears to be doing consistently better than other groups is tightly federated co-operative banks. Within profit-maximizing commercial banks, there is a great deal of heterogeneity in performance.

* Deputy Rector and Professor, Department of Economics & Mathematics, University of Bari, Italy.
Email: gioferri@gmail.com

** Corresponding author. Adjunct Professor, Helsinki School of Economics and Research Fellow, Academy of Finland. E-mail: panu.kalmi@hse.fi Mail address: Department of Economics, Helsinki School of Economics, PO Box 1210, 00101 Helsinki, Finland.

*** Doctoral Student, Department of Economics, Helsinki School of Economics and HECER.

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Regulation and the Viability of Cooperative Banks

Giovanni Ferri and Giovanni Pesce (Universtiy of Bari & EURICSE, Italy)

Abstract

On the surface it would seem this is a time to cheer coop banks. After long oblivion – if not negative prejudice – on the part of the financial community and of the Authorities, the Great Crisis of 2007-2009 highlighted the virtues of cooperative credit. First, coop banks suffered the crisis less than commercial banks. Thus, these banks' image improved as public opinion saw governments spend taxpayers' money for slaving commercial banks and only rarely for coop banks. Further, banking coops kept supplying loans to the economy while the other banks were restricting credit. This not only as coop banks were less impaired by the crisis but also because their relationship-oriented business model is the best to grant credit at a time of increased borrowers' asymmetries of information vis-à-vis their banks. What's more, there seems to be a favorable attitude to coop banks also in the scientific community who stopped cheering the benefits of financial liberalization to advocate the importance of biodiversity in banking.

Against this background we ask whether the regulatory set-up and its ongoing revisions (e.g., Basel 3) are consistent with safeguarding coop banks' viability. The point we make is that the current regulatory framework is unfriendly to coop banks for two main reasons. First, the banking regulation fails to recognize that the relationship-based business model typical - though not exclusive - of the coop banks generates less risk exposure in traditional lending activities while making these banks less likely to venture into difficult to assess financial market-related new types of risk. Second, in recent decades, by increasing regulatory requirements Authorities have unintentionally raised the compliance costs of regulation. We argue that this trend may be harmful to coop banks along the following reasoning. Since there are some fixed cost components of compliance, regulation could be introducing a sort of "artificial" economies of scale. This can be a real issue for the many tiny-sized coop banks. Unless they are allowed to avail themselves of federated networks to deal with it, the increased regulatory compliance costs could lead these banks to artificially-motivated growth. In turn, becoming larger-sized, coop banks could face more severe governance problems and risk losing their ethical business roots. These problems may be further heightened if regulators/supervisors act on the basis of performance measures (eg. profitability) appropriate for shareholder value banks but not for coop banks (taht are stakeholder value), pushing the latter to behave as the former.

We also test whether the data gathered through an ad-hoc survey on coop banks in Italy lends support to the above claims.

COOPERATIVE IDENTITIES: A COMPARATIVE LAW ANALYSIS

ANTONIO FICI

Abstract

Legal identity matters, in particular for organisations. Based on the identity provided by law, new laws and policies tailored for a specific type of organisation may be proposed, invoked and launched. On the other hand, the specific identity recognised by law permits the organization to subtract itself from general measures contrasting that identity or to call for the adaptation of such measures to its specificity. This appears to be particularly true with regard to both newly emerging organizational forms (e.g., social enterprises) and more traditional organisations pertaining to a wider organisational legal form (e.g., cooperatives in relation to companies).

This paper argues that, although cooperatives are a legal form recognised by national laws, that of their legal identity still remains an unresolved issue at the European level, due to the variety of national law definitions of a cooperative. As for the European Regulation 1435/2003, it does not seem likely to provide the solution, as it contains a considerable amount of deliberate gaps filled by reference to national cooperative laws. Yet, a straightforward legal identity is necessary for the development and success of the cooperative as an alternative form of doing business, and more generally for the establishment of a real pluralistic market where the for-profit investor-driven firm is not the only player. Otherwise cooperatives risk on the one hand bearing the costs of a day-to-day struggle with the European institutions (as the controversial subject of cooperative taxation in respect to state-aid prohibition shows), on the other hand not being recognised as a particular subject, deserving a specific treatment, within general measures.

This paper firstly pinpoints, through prominent examples, the drawbacks of a weak cooperative identity and of several national cooperative identities; secondly, provides a set of legal elements and arguments for the identification of cooperatives, of which it proposes a paradigmatic definition; thirdly, seeks to verify how European national cooperative laws deal with the above elements and if and to what extent they depart from the paradigmatic definition, thus showing the existence of a variety of concepts of cooperative throughout Europe; finally, after having pointed out the need of promoting legal studies, particularly comparative, on cooperatives, reflects on the pros and cons of uniformity and diversity of European national cooperative laws.

ANTONIO FICI

Professor of Private Law, University of Molise

Professor of Social and Cooperative Enterprise Law, University of Trento

Head of the Consultancy and of the Law and Policy Research Areas, EURICSE

(European Research Institute on Cooperative and Social Enterprises)

antonio.fici@unimol.it, antonio.fici@euricse.eu

A New Opportunity for Co-operative Education: Linking and Learning with the Indigenous Humanities

Dr. Isobel M. Findlay, Dr. Len Findlay

Abstract

2012 will be the United Nations International Year of Co-operatives. In anticipation of that important opportunity and challenge, the academic and co-operative communities can learn from current best practices and models so that research-based education can nourish a supportive environment for co-operative development. To this end, our presentation will engage with a decade-old development originating at the University of Saskatchewan and now being taken up across Canada and beyond: the Indigenous Humanities (Battiste, Bell, Findlay, Findlay, & Henderson, 2005).

The Indigenous Humanities is a new Canadian academic formation committed to intercultural, interdisciplinary, and co-operative theory and practice, making inquiry more sociable and accountable and giving more complex accountings of identities, institutions, and multiple bottom lines than mainstream institutions and forms of inquiry have permitted. The Indigenous Humanities derive from a series of gains expressed in covenants of the International Labour Organization and The United Nations Declaration on the Rights of Indigenous Peoples. How these gains were made, and the educational and socioeconomic agendas they encourage, have much to tell us both about how receptivity and resolve can be nourished at the UN, and about how UN recognition and legitimation can be translated into specific educational and economic initiatives outside the severely policed and punitively enforced orthodoxies of 'the' market.

While the notion of a "knowledge economy" was gaining prominence in 'free' market circles, Indigenous peoples were working at the UN for the recognition of Indigenous Knowledge (Henderson, 2008). On the basis of this recognition they developed a whole series of initiatives under the aegis of Indigenous Science, to counter the Euro-American presumptions of mainstream science and the technological and economic applications that science enables.

Indigenous scholars tempered in the power relations of the UN are now undertaking the same task via the Indigenous Arts and the indigenous Humanities as they are continuing with indigenous Science. In each area they have encountered scepticism and resistance while trying to shift the frames of understanding and practice from knowledge economies as an expression of market logic to knowledge ecologies aligned with commitment to diversity as enrichment, people before profit, and with responsible stewardship and sustainable practices grounded in land, language, and the collective rights and responsibilities of peoples.

Those involved in this Indigenous Renaissance are as globally dispersed as co-operators, and as familiar as are counter-hegemonic co-operators with bemusement, hostility, and glib dismissal as a response in the media and educational institutions to what they value and what they do. In linking and learning with Indigenous co-operators and the leading thinkers in the Indigenous Knowledge and Indigenous Humanities movements, co-operators worldwide will be better placed to take fuller educational and practical advantage of enhanced attention and receptivity in 2012.

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Corresponding author:

Dr. Isobel M. Findlay
Associate professor, Management and Marketing
Scholar, Centre for the Study of Co-operatives
University of Saskatchewan
Edwards School of Business
25 Campus Drive
Saskatoon, SK S7N 5A7
Canada
tel: (306) 966-2385
fax: (306) 966-2516
e-mail: findlay@edwards.usask.ca

Co-author:

Dr. Len Findlay
Director, Humanities Research Unit
Scholar, Centre for the Study of Co-operatives
University of Saskatchewan
English department
9 Campus Drive
Saskatoon, SK S7N 5A5
Canada
Tel: 306 966-2385
e-mail: len.findlay@usask.ca

Co-operatives and Poverty Reduction in Kenya

Rebecca Forecast and Richard Simmons

Abstract

Co-operatives have been “off the radar” in development policy and practice for some time. However, in recent years, they have begun to reappear on the international development agenda. They are increasingly being recognised as important avenues through which rural farmers in developing countries can be linked to markets, access affordable farm inputs, increase their agricultural productivity and collectively negotiate for better terms of trade. This paper analyses project-generated data from the Swedish Co-operative Centre’s work with agricultural co-operatives in Kenya to provide empirical evidence which helps us understand the conditions under which co-operatives can be successful and the impact that a successful co-operative can have in reducing the poverty of its members. It is hoped that an analysis of this dataset will help development policy makers and practitioners to better understand how they can work with co-operatives to reduce rural poverty – evidence which is much needed if the full potential of co-operatives is to be recognised and understood.

Rebecca Forecast
Researcher
The Co-operative College, Manchester
Rebecca@co-op.ac.uk

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Accounts of collective entrepreneurial futures: collective entrepreneurship for business, innovation, and life style

Forsström, H., Mattila, J. & Jussila, I.

Abstract

Our reading of McMullen and Shepherd (2006), Shane and Venkataraman (2000), and Sarasvathy (2004) offer that entrepreneurship is traditionally defined and explained through an individual. In other words, collective entrepreneurship receives relatively little attention (Harper 2008; Kamm et al. 1990) as entrepreneurship is generally viewed as an individualistic phenomenon (Brennan et al. 2005) and most of the previous studies are focused on an individual entrepreneur (e.g. Baron 2008; Cardon et al. 2009; Shane & Venkataraman 2000). This individualistic focus is easily replicated in entrepreneurship education as the field of entrepreneurship education is strongly connected to the field of entrepreneurship (Honig 2004; Howorth et al. 2005; Kuratko 2005; Solomon 2007). However, this replication may lead into neglecting that entrepreneurship is often a social phenomenon (Brennan et al. 2005) and a significant part of new enterprises are established in collective groups (Harper 2008; Kamm et al. 1990; Loane et al. 2007).

To break with the traditional view, we discuss entrepreneurship as a phenomenon socially constructed through discourses (Alvesson & Kärreman 2000; Berglund & Johansson 2007) and give voice to those who are viewed as the potential future entrepreneurs, i.e. students. As Howorth et al. (2005) suggest discourses on entrepreneurship may serve as a new basis for entrepreneurship education that differs from traditional perspectives. This will not only help enrich our understanding of entrepreneurship but may have practical implications for teaching as well. One of such implications could be students' more readily acceptance of educators' concerns as they are enabled by discourses mobilized bottom-up (cf. Rojo & van Dijk 1997). More precisely, through discourses we find that entrepreneurship is prominently framed with collectiveness in the students' accounts. This allows breaking down the dominance of single entrepreneurship and points to the need for teaching cooperative entrepreneurship in business schools.

We start by uncovering some of the assumptions underlying studies of entrepreneurship and entrepreneurship education. Next, we give voice to students who have finished high school recently. Our research material consists of texts produced in twelve thematic interviews with first year business school students of Lappeenranta University of Technology. We analyze the students' accounts of their potential entrepreneurial futures (entrepreneurship, motivational factors, barriers, and means of entrepreneurship) to identify discourses and their connections (Alvesson & Kärreman 2000; Berglund & Johansson 2007). The outcome is the identification of three discourses (business, innovation, and life style) that are strongly framed with collectiveness. Finally, we conclude specifying how our work complements existing research and how it should be elaborated in future research. We also specify the demand for a multidisciplinary framework in researching and teaching cooperative entrepreneurship.

Keywords: entrepreneurship education, collective entrepreneurship, discourse

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Authors: Heidi Forsström, postgraduate student (corresponding author),
heidi.forsstrom@lut.fi
Johanna Mattila, postgraduate student
johanna.mattila@minedu.fi
Iiro Jussila, Professor of Management and Organization,
iiro.jussila@lut.fi

Organization: LUT, School of Business
Management and Organization

THE TICKING TIME-BOMB: THE CASE OF FOURTEEN -SEATERS TRANSPORT SACCOs IN KENYA

DR.E.N.GICHERU(MRS), HSC

Abstract

Cooperative College of Kenya is due to undertake a research on implication of a new transport policy on fourteen - seaters transport SACCOs in Kenya whose findings will be ready by June 2011 and will be presented during the conference in August 2011. The title of the presentation, which is the title of the research is: THE TICKING TIME -BOMB: THE CASE OF FOURTEEN -SEATERS TRANSPORT SACCOs IN KENYA. This abstract gives the background of the "Matatu" industry in Kenya and the Transport policy, statement of the problem, methodology and dissemination of the findings.

Paratransit, going by the name "Matatus" in Kenya, form the main public transport in Kenya as it is estimated to control 80% of the public transport. A "Matatu" is a public service vehicle (PSV) having a seating capacity of not less than 25 passengers (The Traffic Act Cap403 (1963)). The history of "Matatu" dates back to 1973 when they were legalized as a public mode of transport by a Presidential decree (Ndungu, Thomas and Munyundo, 2004).

The number of "Matatus" are estimated at eighty thousands-twenty and sixty thousands in Nairobi and upcountry respectively. "Matatus" play a very important role in the social- economic development of a country as they provide incomes to the owners, informal and formal employees, Insurance companies, associated businesses (petrol stations, spare -parts shops and mechanical workshops) and taxes to the Central and Local governments. For instance, incomes to the Insurance companies and taxes to the Government are respectively ksh 4 billions/USD 50 millions and ksh 1.09 billions /USD 13.625 millions respectively. Seventy percent of the "Matatus", valued at ksh 50 billions/USD 625 millions are fourteen-seaters (Daily Nation, 2010, oct 19th). This fact is attributed to the fact that the vehicles are bought second-hand from Japan and Dubai, hence affordable as one may go for as low as Ksh 1 million/USD 12,500. The fourteen -seaters "Matatus" are "Matatus" licensed to carry fourteen passengers including the conductor.

The fourteen- seaters "Matatus" are individually owned and managed. However, some owners are members of Savings and Credit Cooperative Societies (SACCOs) where they save and borrow money: to buy the vehicles; for emergency purposes such as vehicle repairs and maintenance; for educating their children; for development and other financial needs purposes and more importantly, to access transport routes commonly controlled by the SACCOs. Comparatively, the fourteen -seaters transport SACCOs are able to exercise some control on the operations of the vehicles whose owners are members while at the same time pay good dividends to the members.

According to The Traffic Act Cap 403(1993), "Matatus" are licensed to carry passengers for hire or reward, to operate on scheduled routes and to observe a speed limit of 80kms per hour; drivers and conductors should be licensed and must wear identification badges and passengers are required to wear seat belts. However, most of the above legal provisions were not complied with prior to 2003 due to bad governance, corruption and general disregards of the rule of law. The effect of this was increase in fatal accidents due to overloading, disregards of traffic regulations, poor vehicles' maintenance, careless driving, lack of standards and much competition. This called for regulation of "Matatu" industry through introduction of Legal Notice NO.161 of 2003 which was only implemented in 2004 under the famous "Michuki rules", but only effective for the first six months. To reform the public transport sector, an Integrated National Transport Policy, aimed at efficient, affordable and safe transport services, was also prepared, but unveiled for implementation in November 2010. According to the policy, among many measures, is a shift to higher capacity vehicles with explicit instruction of not licensing any new fourteen -seater vehicle for public transport with effect from 1st January 2011 and those in operation are to operate and phased out through natural attrition and all operating "Matatus" must join existing or form SACCOs or companies. This was followed by "mushrooming" of SACCOs registration whereas some may be "shell SACCOs" as it is doubtful as to whether; one, the SACCOs have genuine members with common bond; secondly, members and board members understand cooperative model which is based on cooperative values and principles as it is also doubtful whether pre-cooperative education was

ever offered; thirdly, the SACCOs have capacity to embrace the new business model of shifting to higher capacity vehicles because of “individualized-vehicle-ownership – hangover” attitude; limited requisite capital; limited management capacity of the SACCOs and limited passengers’ market especially in the rural areas. If no mitigation intervention measures are undertaken, these factors may result in natural attrition of many fourteen-seaters transport SACCOs with devastating traces of unemployment and loss of investments, hence loss of incomes and creeping in of poverty.

This study will therefore investigate the implications of the new transport policy on the survival of the fourteen-seaters transport SACCOs and employment levels in the SACCOs. It will also propose actions to be undertaken by individual owners, SACCOs, Ministry of Transport, Ministry of Cooperatives Development and Marketing and other stakeholders. The investigation will be done through descriptive survey and random and purposeful sampling will be used. Secondary and primary data will be collected through four questionnaires targeting different respondents. The data will be analyzed through Statistical Packages for Social Sciences while findings will be presented using charts, frequency tables, graph and percentages. The findings will be disseminated through a workshop of stakeholders, newspaper and report to the stakeholders.

CO-OPERATIVE COLLEGE OF KENYA
P.O BOX (00502)24814
KAREN, NAIROBI-KENYA
TEL: (254) (020) 2430127/2679456
EMAIL: coopcoll@wananchi.com

European cooperative banks and the future financial system

Hans Groeneveld¹

Abstract

1. Introduction

In several studies, the experience of a number of individual European banking groups in previous and the recent financial crisis has been highlighted extensively (Ayadi et al, 2010; EACB, 2010; Groeneveld, 2011). The general tenor is that they have weathered current and previous periods of financial distress relatively well. However, it is generally accepted that the recent financial crisis will change the economic and political environment of the banking industry stronger than any other event during the last decades. The crisis has brought to light the serious challenges that the European financial services sector is facing. Hence, cooperative banks will be confronted with a wide array of far-reaching regulatory and policy measures to reduce the risk of future financial crises, despite their recent good performance and solid track record. The other side of the picture is that some discussions and proposals hardly apply to cooperative banks.

This article combines the insights of previous publications with important trends in the banking industry to explore the position and role of European cooperative banking groups in the future financial system. To this end, section 2 begins with a description of major changes and planned reforms in the financial system and their consequences for the business principles and market conditions in banking. In Section 3, the impact of these fundamental adjustments and trends on European cooperative banking groups is clarified. The second part of this section looks at the impact and importance of European cooperative banking groups in national financial systems. It is concluded that the suggested reforms are mainly aimed at disciplining large parts of the financial sector that were predominantly responsible for the recent financial crisis. But quite some planned measures would have paradoxically put the healthy cooperative banking sector in a disadvantageous position if they would not have sounded the alarm and stressed their specific features to regulators and policy makers. Moreover, it is still not always acknowledged that cooperative banks contributed to financial stability in the middle of crisis.

Apart from these necessary efforts to raise the familiarity of the cooperative banking model, the analysis of this paper points to a bright future for cooperative banks. For instance, cooperative banking groups already comply with most of the required characteristics of the financial system. They are well positioned to benefit from the opportunities resulting from the financial crisis due to their long standing business philosophy and good reputation among customers. Traditionally, they have a strong customer focus, take into account the interests of many different stakeholders, have a moderate risk profile and are well-capitalized.

¹ Senior Vice President at Rabobank Nederland and Manager Special Projects at the Directorate Cooperative Governance and Affairs (email: j.m.groeneveld@rn.rabobank.nl; Phone: +31 31 2131400).

Co-operatives can make a difference for young people in Africa

Sally Hartley

Abstract

This paper explores the role that the co-operative model has for young people in Lesotho and Uganda - in the context of increasing youth populations and rising unemployment on the one hand and the revival of interest in co-operatives as a way for people to address poverty on the other. It is based on doctoral research conducted into the engagement between young people and co-operatives and reviews the findings of primary research carried out in 2010. The programme is a jointly supervised by the Open University and the Co-operative College.

There is increasing interest and activity in relation to co-operatives as a possible enterprise model relevant for Africa. The debates here focus on whether co-operatives can enable people to form an effective business, which in turn can generate income and can act as a mechanism for collective action directed to employment and income generation. This comes at a time when the appropriateness of neo-liberal policies and capitalist ways of doing business are being questioned. Do co-operatives provide a better way to do business? Can they provide a model for people to work together on an equal basis for their own mutual benefit instead of prioritising shareholders or one owner? The focus on youth arises from the current demographic structure, in which young people between 15 and 24 years of age constitute 35% of the population in sub-Saharan Africa alone (UN, 2007). This represents both a possible threat and opportunity for development: a fiscal drain, for example in the fields of health and education, but also a larger workforce and potential for engagement in productive enterprise. Creating opportunities for youth and supporting their involvement in Africa's development is a challenge but co-operatives represent one possible pathway for young people to create businesses and generate income.

Co-operatives can enable young people to come together and form a business – a productive or service-base enterprise. As a group synergies are created – such as pooling financial resources, sharing knowledge, building on each other's networks – that would not be possible if the young person was working alone to establish a business. This is crucial in communities where young people are living in poverty and lack money and capabilities and power – together they can achieve things that they would not be able to do working as an individual. Furthermore as co-operatives have social as well as economic identities, under-pinned by their values such as democratic membership and concern for the community, they can help young people realise and develop their ideas about community and society. This in turn leads to them changing and developing personally and this alongside the fact that they can acquire business and vocational skills through being a member of a co-operative mean that co-operatives can be seen as learning spaces for young people as well as a way to develop a livelihood and generate income.

The research investigated the engagement of young people with co-operatives; aiming to understand how young people are involved with co-operatives and what impact the co-operative experience has on the young person, in particular, what they learn and how they develop and how this effects the co-operative and also the young person's wider life. Case study research was conducted in Lesotho and Uganda in 2010 with young people in co-operatives and relevant stakeholders at a national and regional level.

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Contact details:

Sally Hartley
Development, Policy and Practice (DPP), Open University, Walton Hall, Milton Keynes,
+447896 013139
s.a.hartley@open.ac.uk

Co-operative citizenship

Johanna Heiskanen

Abstract

Corporate social responsibility strives for society with a balance between economic, social, and ecological aims, and between the needs of all stakeholders. Organizational values and norms are especially useful to guide corporate social responsibility practices when they specify important stakeholder issues. Organizations have to meet multiple and sometimes competing objectives, thus it is important to communicate and establish organizational values and purposes as a means of influencing the behaviour of organizational participants. Using stakeholder theory together with the concepts of corporate citizenship and the idea of collaborative value, this conceptual paper assesses the mutual compatibility of the values of corporate social responsibility and the values of co-operatives. It seeks to develop a notion of co-operative citizenship as an extension from the concept of corporate citizenship, to support value-based management within co-operatives.

The corporate citizenship is the extent to which businesses meet the economic, legal, ethical, and discretionary responsibilities imposed on them by their stakeholders. For businesses, being a good corporate citizen means adopting and pursuing ethical business practices, creating sustainable jobs, building value for all the company's stakeholders as well as caring for economic value and performance of the firm. A nearby concept is the collaborative enterprise, which seeks to build long-term mutually beneficial relationships with all stakeholders. These enterprises share more democratic ownership structures, more balanced and broader governance systems, and more comprehensive view of organizational goals and performance than narrower focused financial bottom line -thinking. This definition resembles closely that of co-operatives, which have high international ideals, values and principles and base their operations on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Co-operative enterprises function as associations of a number of people aiming to obtain mutual benefits for all their members, therefore enabling a strong and systematic care of the needs and requirements of the different stakeholder groups. Because of the high values and principles that are embedded into these organizations from the premise, the United Nations, the International Labour Organization and the European Union all take a positive attitude towards co-operation, it is considered to have a long and successful tradition in combining economic viability with social responsibility. Co-operatives ensure this through stakeholder dialogue and participative management and thus can provide an important reference to other organisations.

Although it seems that co-operatives are from the premise involving to a higher extent in responsible management, more socially responsible actions and are more responsive to stakeholder needs, there seems to be only a scarce research on the social responsibility issues among the co-operative studies. This paper seeks to scale up this type of research and to extend the idea of corporate citizen to co-operative citizen to support the value-based management of co-operatives.

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M.Sc. (Bus. Adm.) Johanna Heiskanen has been doing her PhD studies in accounting at the University of Tampere since 2008. Her interests lie in co-operatives, social responsibility, human resource accounting and corporate social performance measurement. She is part of the responsible management research group RESPMAN.

M.Sc. (Bus. Admin.) Johanna Heiskanen
University of Tampere, School of Management
johanna.heiskanen@uta.fi

The Effects of Globalization on Cooperative Legislation

Hagen H e n r ÿ

Abstract

The paper will present the challenges globalization poses to cooperative legislation and make suggestions on why and how to deal with them.

Despite of an increasing recognition by policy and law makers of the contribution cooperatives continue to make to the economic and social development of most countries, the knowledge on the nexus between the different legal structures of enterprises and their performance capabilities has diminished at the rate of the growing importance attached to a single performance indicator for enterprises, the financial one. Hence, the interest in maintaining the cooperative enterprise type through law has declined over the years; so has – in a reciprocal process – the knowledge of cooperative law. This has led to an isomorphism of enterprise types on the criteria of capital centered enterprises, to a “companization” of all enterprise forms, especially as far as the intertwined issues of capitalization, management and control mechanisms are concerned.

Where this was in part necessary to allow cooperatives to become and remain competitive enterprises, it also reinforced the loss of their identity, thus diminishing their capacity to deliver on those issues where they have a competitive advantage as compared to other enterprise types.

One of the challenges globalization poses to reestablishing the cooperative identity through law is that the very reason which led to the companization of cooperatives, namely the compensation for their comparative, inherent disadvantage when it comes to financing, is all the more relevant for the new production pattern. Indeed, globalization has triggered a double shift of emphasis in the production pattern

- from the production of goods and services to the highly capital intensive and people-centered production of knowledge which benefits most those actors whose main means of production is capital, as capital is by its very nature highly mobile and
- from the international trade of products to the globalization of the production itself.

This will require new forms of financing, an emphasis on the advantages of cooperatives in the production of knowledge and a fresh look at labor law.

In addition, enterprises, including cooperatives, will more and more be virtual enterprises. Cause and effect of globalization, connectivity counts more in these enterprises than collectivity. This is a challenge for cooperatives and cooperative legislation which build on collectivities. Virtual enterprises are out of reach of traditional law-makers. They set themselves standards. In addition, they make cultures meet everywhere and at all times. Legislators have hence to deal with multiple internormativities within the reign of their jurisdiction.

A number of legislative initiatives in the recent past give rise to the hope that the cooperative identity may be reestablished through law for the benefit of diversity.

Hagen H e n r ÿ

Where to Move from the Welfare State? – A Cooperative State as Perspective for Innovation

Peter Herrmann

Abstract

Various developments – some long-term developments, marking the development since latest WWII, some more medium-term since about the 1980 and some very short-term developments, since about 2008, the manifestation of a(nother) global economic crisis – can justify to speak of an increased need to take the current situation as crossroads. Leaving the complexity for a moment aside, the proposed presentation wants to draw attention to the need of rethinking the link between economic and welfare issues – their development and related policies.

Usually the link is drawn by way of either the economy being presented as providing a fertile ground for social policy or ascribing a productive role to social policy. The aim here is to take another route. Point of departure is the view on social policy as matter of socialisation. There are different strands (reflected in the different 'ideologies' behind social policy) and different facets (for instance the role ascribed to different actors and professions) to it. Important is that we find since the emergence of capitalism – with all national differences – two major developmental stages: the early stage of the social state (in particular the German Bismarckian pattern) and the later stage of the welfare state (in particular the Beveridgian and also the Wigforss/Hansson approach).

Looking at the current crisis – in the interwovenness of long-, medium- and short-term perspectives – we have to see that the crisis is not just a severe economic crisis nor would it be correct to speak of a crisis of the welfare state. Important is to look at the current situation as turning point in terms of the prevailing modèle anthropologique (Boccaro) – a model that is dealing with the complex socio-economic-ecological-cultural approach to the world.

From here it will be investigated in which way the cooperative sector can serve as a kind of blueprint: developing the welfare state further and allowing for a new socio-economic mode as way of further socialisation.

Against this background the presentation will discuss some developments in the cooperative sector that may open new ways not for the economy or welfare- and social policy but as pathway for a new welfare economy.

– This will be discussed as well in the light of re-centring the debate as the process of globalisation shows that the traditional model of simple restructuration of centre-periphery relationships cannot be prolonged in simple terms.

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Sole author/presenter: Peter Herrmann. herrmann@esosc.eu. +353.87.2303335

Peter Herrmann

University College Cork, School of Applied Social Studies. Cork. Ireland
University of Eastern Finland, Department of Social Sciences. Campus Kuopio. Finland
European Foundation on Social Quality. The Hague. The Netherlands

Co-operative networks as a source of organizational innovation

Sonja Novkovic and Wendy Holm

Abstract

The paper examines co-operative networks as a foundation of organizational innovation. Theory suggests that co-operative network formation is a basis of innovation, as well as a source of competitive advantage. We argue co-operatives that adhere to the principle of co-operation among co-operatives are more likely to create innovative solutions for their members, but we also make a case that when the vision of the drivers of innovation is clear and member-focused, complex networks are more likely to be created. The most unique characteristic of complex networks is their dynamic adaptability: driven by shared buy-in, linkages are created that result in unplanned outcomes which resonate across the network. The theory and evidence of cooperative network formation is examined, and conditions for the creation of complex cooperative networks are explored. We support the proposition that co-operatives are the drivers of innovative solutions with two case studies of multi-stakeholder co-operative networks that provide public goods.

“For co-operatives, networking is not one opportunity among many others, but rather it is the normal way of operating as a result of their solidaristic dimension.”

Menzani & V. Zamagni 2010

Co-operative diversity and Governance: A Variety of Roles, Functions and Structures for Governing Bodies

Kari Huhtala, Jorma Sieviläinen, Iiro Jussila

Abstract

Governance of co-operative organisation has received increasing attention within the past two decades. There are studies that discuss the topic in consumer co-operative context, in worker co-operative context, and in the context of entrepreneurs' multiparty alliances that have taken the form of a co-operative. Within this literature, different kind of governing bodies and actors have been identified and they have been seen to occupy a variety of functions and roles. However, even if it is recognized that in co-operatives, the members may be consumers, workers, or entrepreneurs, differences across co-operatives have rarely been discussed. In fact, we do not find a single study that addresses differences that arise from different ownership interests. Yet, it is safe to say that consumers, workers, and entrepreneurs may project quite different expectations onto their co-operatives. It is these differences and their reflection on the governing bodies and actors as well as their functions and roles that are the focus of this paper.

We make several important contributions to the scholarship on co-operative management and governance. First, the novelty of our work lies in the contrasting of consumer, worker, and entrepreneurs' co-operatives and the identification of a number of differences across them. Second, we show that as a result of differences across consumer, worker, and entrepreneurs' co-operatives, the management and the members of governing bodies may occupy different roles or at least the role-emphasis varies across these different types of co-operatives. Also we note that the structure of the governance may vary between the different types of cooperatives. Finally, our work provides a framework for future research to follow in the development of co-operative management theory as well as the theory and discussion on the organisational forms of cooperatives.

We will start with a discussion on different governing bodies, their functions, structure, governing body members' and managers' roles. We will continue with a discussion of differences across consumers', workers', and entrepreneurs' expectations and their effect on governance. We will conclude with a framing for future research and practice on the topic.

Keywords: consumer, worker, entrepreneur, co-operation, governance

Learning environments of entrepreneurship education

Pekka Hytinkoski Tuulia Kiilavuori, Jaana Seikkula-Leino

Abstract

The innovation strategy of the European Union highlights the importance of the development of entrepreneurial culture by fostering the right mindset, entrepreneurship skills and awareness of career opportunities (European Communities 2006). These EU-lines fits nicely to UN International Year of Co-operatives 2012 global campaign which presents excellent opportunity to increase public awareness about co-operative and social economy. Recently in Finland, there has been also a great interest to develop learning environments in education (Ministry of Education, Finland 2009).

The role of learners in many learning environments often calls for something other than traditional "study", even though it involves learning. At the same time the teacher's role changes in the learning environment (classroom, virtual, outside school), basically from a specialist trainer to the planner of the learning environment (Manninen et al. 2007, 12). In education, teachers are in the main role so, to develop the learning environment of entrepreneurship education, we point out the need for developing also the teacher's role as entrepreneurship educators and entrepreneurship education itself.

According to Kyrö (1997), entrepreneurship education deals with three main components: 1) self-oriented, 2) internal and 3) external entrepreneurship. Self-orientated entrepreneurship refers to an individual's self-oriented behavior. Self-oriented entrepreneurship is the basis for developing internal and external entrepreneurship (Remes 2004, 84). Since entrepreneurship education has not yet established its position in teacher education and in the continuing professional education of teachers (Seikkula-Leino 2007), inclusion of entrepreneurship education in school curricula is very challenging. It is not only what we teach - it is how we teach and the learning community we create in the classroom or in the virtual learning environment (Kirby 2004).

The five views of learning environments presented here are alternatives and complement one another. They also partly overlap. Nevertheless, they represent different viewpoints with regard to learning environment problematics and thus focus on the slightly different special features of the learning environment. They are: physical, social, technological, local and didactic. (Manninen et al. 2007.)

In this paper we'll try to connect learning environments -thinking to entrepreneurship through experiences and data from real entrepreneurship-cases. We concentrate on learning environments in the context of entrepreneurship education and co-operative thinking. Data was obtained from an entrepreneurship education learning environment competition for educational institutions, which was held in Central Finland from September 3rd to November 30th 2010 and it will be connected to experiences from Finnish universities entrepreneurship cases (Hytinkoski 2010). The purpose of the competition was to identify advanced entrepreneurship education environments, make them available for research and distribute information on people interested in entrepreneurship education.

In sum, our focus is to present some conceptional framework of entrepreneurship education in terms of learning environments of entrepreneurship education and give some implications for practice from this point of view.

Pekka Hytinkoski, University of Helsinki Ruralia-institute, pekka.hytinkoski@helsinki.fi
Tuulia Kiilavuori, The Jyväskylä Educational Consortium, tuulia.kiilavuori@jao.fi
Jaana Seikkula-Leino, professor, University of Turku and Lappeenranta University of technology, jaana.seikkula-leino@yvi.fi

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And more.

“Belgorod Region Consumer Cooperatives: Ways of Development”

Elena Isaenko

Abstract

First consumer societies on the territory of Belgorod Region emerged in 1898. Since that time and till present consumer cooperatives have been functioning mainly in the interests of the rural population adhering to cooperative values and principles, carrying out their social mission, and participating in the solution of social and economic problems on the development of rural territories.

The Region occupies 27,100 km² with the population of 1,525,100 people of whom 26,800 are members of consumer cooperatives. At present consumer cooperation of the Region unites 19 consumer societies, of which 12 are district and 2 – rural consumer societies. The management in consumer societies is based on self-governance of members. With this view cooperatives set up 330 cooperative sections.

In 2010 cooperatives had the following social and economic achievements:

- retail trade turnover	2,357.0 m. Rubles (\$82.9m)
- public catering turnover	324.6 m. Rubles (\$11.4m)
- agricultural produce procurement amount	258.0 m. Rubles (\$9.1m)
- finished production output	121.3 m. Rubles. (\$4.3m)
- paid services amount	34.2 m. Rubles (\$1.2m)
- profit	24.6 m. Rubles (\$0.87m)
- average amount of employees	3,142.

The above figures show that the main branch of consumer cooperatives activities is retail trade, the material base of which includes 614 retail trade units, among which 580 are shops and 25 – moving shops. The share of consumer cooperatives in the retail trade turnover of the Region amounts to 20%. On the territories of some districts the share of consumer cooperatives in the sales volume is considerably higher: in Aleksejevsky and Starooskolsky districts – more than 70%, in Shebekinsky – more than 40%. Foodstuffs produced at consumer cooperatives enterprises enjoy high demand from the local population. Affordable prices and high quality created positive image of cooperative products not only in rural but in urban population as well.

Fulfilling its social mission consumer cooperatives sell agricultural produce produced at households thus providing small rural commodity producers with income. Processing of agricultural produce, everyday and production services are in great demand from the population.

Social and economic prospects for consumer cooperatives are developed in the Concept of the Development of Consumer Cooperatives in the Belgorod Region till 2015. Consumer cooperatives will have to solve the problems caused by subjective and objective factors. The Concept envisages the following main directions of consumer cooperatives development: improvement of societies’ competitiveness; strengthening of their financial conditions; increasing material incentives of employees and members in the activities of their societies; development of the system of measures to retain talented youth in consumer cooperatives; active interaction with regional bodies of state power; participation of consumer cooperatives in regional social programs, and acquisition of additional resources for the development of consumer organizations.

Thus multipurpose activities of regional consumer cooperatives are directed at overcoming the problems, maintaining and strengthening of cooperative model of business, augmenting economic potential accumulated by the generations of cooperators during more than 110 years of cooperative development.

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Introducing Co-operatives in Belgian Social Care: Safeguards and Comparative Advantages

Lieve Jacobs, Wim Van Opstal

Abstract

At the beginning of this new decade, almost every European country faces the tremendous challenge to reform its welfare state. Policy makers face the combined challenge to balance budgets in this post-crisis era in a context of ever increasing needs for social care. While co-operatives contributed importantly to the early development of the Belgian welfare state at the beginning of the 20th century, associations have become the dominant organisational form within Belgian social care. Co-operatives, however, have been rediscovered very recently by Belgian policy makers as an innovative organisational form that might allow to meet both challenges described above. Introducing co-operatives within Belgian social care, may accelerate the development of infrastructure and foster the provision of care for the elderly, childcare and care for people with disabilities. While co-operatives allow to mobilise people and means in a potentially democratic way, opponents to this introduction raise some pertinent questions. These questions include how to prevent mission drift and how to ensure the achievement of genuine social objectives instead of mere mutual objectives, rendering the position of the weaker in society at risk.

In this paper, we start with a brief overview of recent initiatives that introduce co-operatives within the field of social care in Belgium. Next, we apply a law and economics approach to assess the safeguards that can be distilled from the Belgian legal and administrative system in order to ensure the achievement of social objectives for co-operatives in social care. Subsequently, we make an evaluation of the organisational comparative advantages of co-operatives, associations and for-profit organisations within social care. While this analysis is based upon theoretical insights from different fields within law and economics, it may as well explain the relative propensity of these organisational forms throughout time and space. Finally, we conclude with policy recommendations in order to achieve a sustainable design of conditions upon which co-operatives should be allowed to enter the field of social care.

Short bibliography

Lieve Jacobs, Msc. in Law, is the coordinator of the Cera Centre for Co-operative Entrepreneurship. This centre offers an interdisciplinary research platform and stimulates scholars at different universities and research centres to perform research on co-operatives. Next to this, she performs consulting activities for co-operatives on legal aspects and organisational design.

Contact details (corresponding author): Lieve Jacobs, Cera cvba, Philipssite 5b10, B-3001 Heverlee, lieve.jacobs@cera.be

Wim Van Opstal, MSc. Economics, is a lecturer in economics, welfare state and social entrepreneurship at the department of social work at Leuven University College. He is also a research fellow at the research institute for work and society at the University of Leuven. His research focuses on monitoring, organisational design, comparative organisational performance and the design of public support for co-operatives and social enterprises.

Contact details: Wim Van Opstal, Groeneweg 151, B-3001 Heverlee, wim.vanopstal@khleuven.be

Secondary Co-operatives for Organic Certification Service: The case study of the AFT and iCOOP in Korea

Seungkwon Jang , Ah Young Kim
Beom Kyu Son, Dasom Kim

Abstract

Ever since its inception in 1997, iCOOP has provided organic foods for the members. In this regards, it is crucial to make all foodstuff of their supply chain safe and traceable. The issues of food safety have been raised when the incidents of adulterated foods have been revealed in 2003. Thereafter iCOOP as a largest consumer co-operative in Korea has built its own organic certification organization, called the AFT (A Farm to Table) since 2005.

As a secondary co-operative the AFT or 'Korea Certification of Distribution for Eco-friendly foods Association' certifying and promoting organic foods consists of 43 co-operatives within iCOOP together with Sungkonghoe University. 'A Mark' with certification code number allows consumers and members being able to access to information about the producers and the whole production and distribution processes on the Internet so that all certified organic foods can be traceable.

The Center for AFT, a limited corporation and the wholly owned subsidiary of the AFT, provides certification services for organic food producers and farmers who are mostly members of iCOOP Korea, where producers can be members of consumer co-operative. Providing organic certification services independently in Korea, the Center is one of 64 organic certification bodies approved by the Korean government agency, NAQS (National Agricultural Products Quality Management Service). The Center is able to inspect and issue organic certification to over 800 organic food producers in Korea.

The paper aims to describe the history and current performance measures of AFT, to analyze the reasons and rationale of its formation, and to explore the key success factors. The authors have been doing assessment exercise of the five years performances and recommending future strategies for the AFT in 2010. While doing the case study, the authors have interviewed licensees (food producers), inspectors and managers of the AFT, and other stakeholders including the government agencies, and studied literatures and documents concerning organic food markets and certification system.

In conclusion, the AFT has been successful both in quantitative terms, i.e., the number of licensees, and in qualitative terms, i.e., the impact and influence to enhance the reliability and safety of organic foods. Having the five years experiences of the certification service, the AFT has been established in the essential part of co-operative enterprises in Korea.

Seungkwon Jang

Professor Ph.D.

Department of Management of Co-operatives, Graduate School

Sungkonghoe University, Seoul, Korea

serijang@skhu.ac.kr (the corresponding author)

Ah Young Kim

Postgraduate student

Department of Management of Co-operatives, Graduate School

Sungkonghoe University, Seoul, Korea

Beom Kyu Son

Postgraduate student

Department of Management of Co-operatives, Graduate School

Sungkonghoe University, Seoul, Korea

Dasom Kim

Postgraduate student

Department of Management of Co-operatives, Graduate School

Sungkonghoe University, Seoul, Korea

Cooperative societies as a promoter of female entrepreneurship

Dr. D. Isaac Merino Jara, Dra. Dña. Elena Manzano Silva

Abstract

Female entrepreneurship is emerging as a major business innovation, along with an equal division of family and domestic responsibilities, women make an engine of wealth and social responsibility. Since the sixties of last century in Europe there is growing interest in family protection and the elimination of discrimination on grounds of gender, which is reflected in various programs and measures of public intervention which caters mainly to three reasons: First, the need to reconcile work and family life, secondly, to strengthen the role of the family in the formation of human capital and hence economic growth, and finally, the emergence of new social needs arising from demographic changes have emerged in recent times. With the intention of achieving the first of these objectives, the European Union as part of its recommendations on employment policy for its member States, has emphasized the need to promote women's employment and strengthen the policy of equal opportunities men and women. This concern of the Community institutions for effective implementation of the principle of equality is amply justified on objective data, reflected in numerous statistical series, of which it is possible to conclude that today continue to occur in situations of gender inequality in the environment work and family. The unequal distribution of domestic and family responsibilities means that more women than men to opt for part-time work and other flexible working arrangements. Even today, there is a significant representation of women in precarious jobs, fixed term or part time, it is necessary to mitigate, especially when sometimes it is the system that puts the major barriers to the full realization the principle of equality and maintaining the role of women in the maintenance of dependents. Thus, the economy is deprived of its productive potential, at a time which is facing economic and demographic challenges. Along with the labor law, taxation can be an essential tool in achieving certain public policies, and particularly, a very useful tool in the protection and promotion of gender equality.

The principles governing the social economy organizations foster female entrepreneurship and enhance the professional fulfillment of women. One example is the participation of women in the weaving cooperative, which began over 100 years and now has surpassed the male. Under a democratic management and participation of all members, cooperatives have become a platform for business development and women entrepreneurship, equality has been made possible through appropriate legislation and that in our days is necessary to promote both workplace as a prosecutor, so that, in this way, the women members and direct the social economy organizations set the pace of economic progress.

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Authors:

Dr. D. Isaac Merino Jara Dra.
Catedrático de Derecho Financiero y Tributario
Universidad del País Vasco. UPV/EHU

Dra. Dña. Elena Manzano Silva
Profesora de Derecho Financiero y Tributario
Facultad de Derecho de Cáceres
Universidad de Extremadura

Corresponding author:

Dra. Dña. Elena Manzano Silva
Facultad de Derecho de Cáceres
Universidad de Extremadura
Adress: Facultad de Derecho de Cáceres, Avda de la Universidad, s/n, C.P 10.003, Cáceres.
Telephone: 927257000. Ext.57384/ Cell: 687753879
Email: emanzano@unex.es

Credit unions and the provision of affordable credit in low-income communities in London - challenges and change post- Financial Inclusion Growth Fund.

Paul A Jones

Abstract

Credit unions have played an important role in expanding the provision of affordable credit in low income communities in Britain. In this regard, from 2006- 2011, around 100 credit unions were the main delivery agents of the UK Government's Financial Inclusion Growth Fund. Through this fund, Government injected £136 million of capital mainly into credit unions for on-lending to people on low-incomes who were unserved or underserved by mainstream credit providers. In London, eleven credit unions of the 35 in existence in the capital delivered the Growth Fund.

The paper analyses the performance of these eleven London Growth Fund credit unions since 2006. In particular, it explores the impact of the Growth Fund on their management and organisation and on their changing role in low-income communities in the capital. The paper reveals the strengths of this group of credit unions, but also significant weaknesses in their current organisational development model. The paper argues that credit unions in London are hindered by an atomistic business model of development, which leaves them unable to expand or to modernise products and services significantly. Despite the evident success of the Growth Fund in attracting people on low-incomes to credit unions, there is little indication that credit unions are developing the capacity or the potential to expand their membership to any large degree among the wider London population.

In consequence, the paper argues the importance of a radical shift to a collaborative model of organisational design which, it is maintained, offers the possibility of a breakthrough in product and service development. The paper analyses the background to and potential of a collaborative approach to development, the growing interest in London credit unions in its adoption, the role of the credit union trade association in its promotion and the commitment of the UK Government to support its implementation. In March 2011, as follow-on from the Growth Fund, the UK Government announced a further £73 million investment into British credit unions, but every indication is that this will be dependent on the move to a collaborative model of organisation and service delivery.

This paper is based on a nine month research project undertaken by author of the paper into the development of London credit unions post-Growth Fund. This project was undertaken by the author of the paper in collaboration with Policis, an independent research agency, and was financially supported by Santander. The project report is to be launched in the House of Commons, London, on 12th July 2011.

Paul A Jones, Ph.D

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Liverpool John Moores University

79 Tithebarn Street, Liverpool, L2 2ER

Telephone: :+44 (0)151 231 4064; +44 (0)7939 566552 (Mobile)

Website: <http://www.ljmu.ac.uk/HEA/financialinclusion/index.htm>

Russian cooperatives: different strategies of development

Inna Kopoteva

Abstract

The development of cooperation has long history in Russia (see, for example, Vakhitov, 2010; Korelin, 2009). The modern stage of this development is based on the Federal laws FL-3085-1 "On consumer cooperation" (1992), the FL-193 "On agricultural cooperation" (1995), and the FL-190 "On credit cooperation" (2009). The FL-193 defines two main types of cooperatives: agricultural production cooperatives and agricultural consumer cooperatives. The first type is a business structure; the second one includes non-profit organisations and depending on a kind of activity they are subdivided on processing, selling, serving, supplying, gardening, the cattle-breeding, credit, insurance and other cooperatives (paragraph 2, article 4 of FL-193).

In this presentation I will give examples of two cooperatives . Based on the same legislative acts they have different structures, strategies of development, and as a result, different types of success. So, this presentation, I think, are very well fit to one topic of this conference "Co-operative diversity and different types of success".

Inna Kopoteva
Ruralia Institute
University of Helsinki

State of social economy and social enterprise concept in Finland

Mr. Harri Kostilainen, PhD Pekka Pättiniemi

Abstract

In Finland there is a rich and established social economy sector. As a part of welfare state structure it has had a legitimate role. There have been support structures for social economy, such as education, development and funding. The tasks of social economy have included, e.g. a number of specific categories of health and social services, culture and sports, and different form of free adult education. Some of these tasks have begun their development even before the Second World War. A number of social economy organizations have an important role in lobbying social and health policies, sports and culture. Also these organizations have had an important role in service delivery for specific special needs and areas. Social economy has cultivated many social innovations for welfare state services.

New types of social economy organization e.g. different forms of social enterprises, activities and tasks in the welfare state have been evolving since the beginning of 1990. The transformation is the result of a number of simultaneous changes in needs and demand for services, legislation, funding, education and public engagement to different social policy measures and programmes as well as changes in values and motivations of citizens.

In recent Finnish debate social enterprises are expected to combine the business skills of private sector to a strong social mission. Different stakeholders are expecting social innovations from the sector that might have an important role in delivering public (welfare) services and in labor market integration. In particular the European Social Funds has been a major factor in development of different forms of social economy organizations e.g. social enterprises.

We describe recent development of social enterprises in Finland and found three different phases of development: 1) social enterprises as a new social movement, 2) social enterprises as a labor market measure and 3) social enterprises as a vehicle renewing welfare state service provisions.

Aim of this paper is to analyze state of Finnish concept of social enterprise and further develop it:

1. to draw better insight of size and meaning of different forms of social enterprises in Finland.
2. to understand the role of different programs e.g. ESF in developing new initiatives, consequences of these type of financing and possible pros, cons and limitation of these programs.

The research methods include content analysis of recent research and other relevant literature e.g. official reports and programme documents, but also official data sets of different segments of established social enterprises.

The results of this study help us understand and identify the key challenges social enterprises are facing in their pursuit to deliver welfare services and in the field of work integration and to provide guidelines in developing social economy sector.

Main author: Mr. Harri Kostilainen

Organisation/Title: FinSERN - Finnish Network for Social Enterprise Research / secretary

Contact address: Sturenkatu 2, 00510 Helsinki

Phone number: + 358 40 501 9394

Email address: harri.kostilainen@diak.fi

Co-author: PhD Pekka Pättiniemi

Organisation/Title: FinSERN - Finnish Network for Social Enterprise Research / President

Contact address: Haukilahdenkuja 3 C 40, 00550 Helsinki

Phone number: +358 50 5900 717

Email address: pekka.pattiniemi@ksl.fi

Green Jobs: The Contribution of Social Economy Enterprises

Heidi Kumpulainen

Abstract

Decent, green jobs by definition refer to jobs that help to protect and conserve ecosystems; reduce energy consumption, the use of raw materials, and greenhouse gas emissions; and minimize waste and pollution. At the same time they provide sufficient income, promote rights at work, and protection for the workers and their families.

The effects of climate change will be felt especially hard in the so called developing world as weakened food-security, conflicts over land and water resources, desertification, loss of livelihoods, and increased migration flows, among other things. Climate change has gendered effects and it affects strongly the most vulnerable groups of societies, including women and children. At the same these groups usually face the lack of access to resources and decision-making which could help them to mitigate these negative impacts.

Social Economy Enterprises (SEEs) can contribute towards the creation of green jobs and, therefore, sustainable development in various ways: by employment creation, income generation, advocacy, pooling of resources, and by empowering their members. SEEs are already creating green jobs in many fields such as agriculture, forestry, energy, eco-tourism, water and sanitation, waste management, and recycling. In addition SEEs are important hubs for green innovation, answering current problems with creative solutions such as recycled building materials or new greener technologies.

SEEs can also be powerful tools for empowering the populations worst affected by the climate change. Based on the principles of caring for their communities, equal participation, and solidarity, SEEs can become important vehicles for voicing out the concerns of different members of their communities. Also, the pooling of scarce resources can enable communities transgress boundaries faced by individuals. While looking at ways to combine the concepts of green jobs, green economy, social economy, and green enterprises, this paper takes a look at case studies of SEEs that are already creating green jobs in the continent of Africa, one of the most vulnerable regions to climate change.

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Heidi Kumpulainen

Associate Expert on Social Economy

ILO Regional Office for Africa , Addis Ababa, Ethiopia

Co-operative solutions in health and social care: a participatory social enterprise model

Akira Kurimoto

Abstract

Health and social care services are quasi-public goods that are provided by various organizational forms and financed by social insurance, taxes and user fees. How to cope with the rising medical expenditure in a rapidly aging society is a crucial problem facing all industrialized nations but how to build the effective communication between providers and users is another important problem.

In general, users are placed in a disadvantageous position versus professionals and feel deprived of the right of choice and the access to information. Traditionally doctor's decisions have been seen as final and absolute, leaving no room for patients to question or seek second opinions. Patients generally lacked knowledge on diseases and could not read case records even if disclosed. Even when they suffered from medical accidents or malpractices, most of patients had to swallow the costs. As such, user's interests had been largely ignored. There is increasing discontent of patients who end up with exits or lawsuits.

The problem is how to improve user's capability in the medical industry where sheer asymmetric information prevails. Recently a number of initiatives to cope with this problem emerged. The individual consumer may directly tap medical information from websites but consumer's collective actions seem to bring about more effective solution.

Health co-ops are the social enterprises that provide health and related service and have potentials to empower users in a systematic way. The Japanese health co-ops were classified as user-owned by the extensive UN survey in 1997. In fact their members are mostly healthy consumers who wish to be prepared for the risk of illness, but medical professionals are also involved. Their mission is to create a better quality of life by facilitating user participation in health promotion and medical care. At the grass root level, user members are encouraged to learn about health promotion in small neighborhood groups and to conduct self-check of health conditions by testing and keeping records of blood pressure, sugar and salt contents in their urine etc. using simple devices. Once irregularities are found, members will have health check-ups and meet doctors. More active members attend various courses organized by health co-ops and become voluntary 'health advisors' who play pivotal roles for the health promotion activities among members. Through these activities, users have more consciousness about their own health conditions, which enables them to play an active

role in maintaining a healthy life and combating diseases. Health co-ops also seek to promote transparency in the medical practice through implementing a Charter of Patient's Rights as a guideline to be followed by both patients and service providers. To this end, patients are given opportunities to learn about health conditions precisely through disclosed case records and counseling so that they have the capacity to make right decision on suitable medical care plans. Thus co-ops seek to bring about openness and democracy in the medical industry.

This paper will analyze the overall relationship between service providers and users in terms of access to information and capability. Then it will describe the case of health co-ops and evaluate user's satisfaction based on patient's opinion polls. Finally it will suggest how the health co-ops can improve user's capability in health care.

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Author: Akira Kurimoto, Mr.

Director, Consumer Co-operative Institute of Japan
15, Rokubancho, Chiyoda-ku, Tokyo, Japan 102-0085
Fax +81-3-5216-6030 Phone: +81-3-5216-6025
Mail: akira.kurimoto@jccu.coop

Revival of Agricultural Cooperatives in Uganda

Nana Afranaa Kwapong¹, Patrick Korungyendo Lubega² and Markus Hanisch¹

Abstract

This paper provides results of a survey of 407 cooperative members from eight Area Cooperative Enterprises on recent revival and restructuring of agricultural cooperatives in Uganda and their contribution to improving rural livelihood and reducing poverty. Evidence show that strategies employed to reform the cooperatives have included strengthening grassroots organizations, introducing Area Cooperative Enterprises to look for better markets and competitive prices for Rural Producer Organizations, and building stronger linkages with Savings and Credit Cooperative Organizations for access to financial services. The investigation confirms growing assertions on cooperatives reducing poverty and improving livelihood. It however suggests a need to address the challenges of under capitalization and poor management.

Key Words: Area Cooperative Enterprise, Savings and Credit Organization, Rural Producer organizations, Cooperatives, Poverty.

1 Humboldt University, Division of Cooperative Sciences, Germany

2 International Food Policy Research Institute, Uganda

Level of co-operative entrepreneurship in Malaysia

**Norwatim Abdul Latiff, Prof. Dr Mohamed Dahlan bin Ibrahim,
Mohd Rasydi Abd. Rashid, Prof. Madya Abdul Aziz Abdul Latif,
Suraya Husin, Dr Ghazali Ahmad, Ayu Diana Awang,
Dr Mohd Rafi Yaacob, Mohd Nusi Abdul Rahman**

Abstract

The main purpose of this paper is to study the level of entrepreneurship among co-operatives in Malaysia as well as to build a typology of the cooperative according to the correlation between the level of entrepreneurship and demographic factors.

Researchers received responses from 465 co-operatives (93 percent) out of 500 selected respondents. All respondents were given a set of questionnaires before the interview session. The data obtained from these surveys were analyzed using Statistical Package for Social Science (SPSS) version 11.5. Sampling was done by the classification of co-operatives according to the functions namely credit/finance, farming, housing/construction, industrial, consumer, transportation and services. Based on the classification function, the co-operatives stratified by zone; North, South, East, Central, Sabah and Sarawak.

The research team conducted focus group interviews to obtain the initial input and issues related to co-operative entrepreneurship. Issues raised during the focus group interviews are important to develop a questionnaire that is used as the main instrument for data collection. The questionnaire was tested in two pilot studies. Respondents comprise a member of the co-operative board, secretary, treasurer, manager and assistant manager. The questionnaire was refined after getting feedback from the respondents as a result of the pilot study.

The study classifies the level of entrepreneurship in co-operatives into three levels, namely high, medium and low among the co-operatives in Malaysia. Nine variables were used; mission and vision, innovation, risk-taking, ability to recognize opportunity, resources management efficiency, recognition, internationalization, instilling entrepreneurial culture and efficient management. Based on the nine variables, 251 co-operatives (54%) are in the low-level entrepreneurship, 188 co-operatives (40.4%) are in the medium entrepreneurship level and 25 co-operatives (5.6%) in the high level entrepreneurship.

As a result, seven strategies are proposed to improve the level of entrepreneurship in co-operatives. The proposed strategies are based on an appropriate level of entrepreneurship in the co-operatives. These strategies include adopting characteristics of entrepreneurship in co-operatives, improving managerial and technical skills among Board Members, management and workers, making entrepreneurs among the members of the co-operatives, adding the role of co-operatives as corporate marketers, establishing support systems to improve the performance of co-operatives as organizations with entrepreneurial characteristics, establishing an R&D One Stop Centre for Co-operatives, and promoting internationalization.

A High Level Co-operative Entrepreneurship Model (HLCEM) has been developed to serve as a guide to all interested parties to build a co-operative that has a high level of entrepreneurship. The attributes of high level co-operative entrepreneurship are also described.

KEY WORD

Co-operatives, entrepreneurship

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The development of Estonian agricultural cooperatives and agricultural policy proposals for developing rural economic co-operation

J.Leetsar, A.Pöder, J.Krusealle, R. Värnik

Estonian University of Life Sciences

Summary

Compared with the old member states of European Union and other countries practicing free-market economy, co-operation plays only minor role in Estonian rural life. As an outcome no stability in rural economy and also no critical mass of local owners have been developed in the rural areas since the end of proprietary and land reforms. The current research studied critical issues related to economic co-operation. Following three-sphere approach was used to define economic co-operation:

political co-operation, which involves activities of political parties, political pressure groups etc;

economic co-operation, which involves profitable economic activities developed in behalf of members of co-operatives;

social co-operation, which involves collaboration aiming to satisfy the social and intellectual needs of members, it basically coincides with the concept of non-for-profit sector.

The common opinion of Estonian co-operative leaders has indicated that contribution to the development of co-operation has been minimal at governmental level. Various ministers have contributed differently to develop co-operation in Estonia, but mostly the activities have been limited to verbal support or financing of single activities (for example training of co-operative consultants which never showed any good results and investment support which was directed only to a restricted selection of co-operative activities). There are also existing positions that idealization of self-regulating role of market economy has favored invasion of foreign capital, which has gained important position in all agricultural sectors – production, processing and marketing. Therefore essential part of profit (including financial aid from the EU) earned in Estonian agricultural sector should be considered outbound.

Insufficient involvement of co-operative experts in the process of forming political measures directed to co-operatives has always been an issue. Currently the political measures are formed by officials who generally have poor knowledge about distinctive features of co-operation and who are to some extent also affected by different interest groups. Experts (also with practical experience) of co-operation should definitely be involved in the working team of ministry who are forming the measures directed to development of co-operation. Efficiency of applied measures should be continuously evaluated by the experts to analyze the feasibility of different measures. All the political measures should be adjusted according to the results of continuous evaluation. The results of current analysis showed that members' level of satisfaction with the operations of their co-operative has increased during the last years. The results of conducted opinion polls indicated that the economic results of Estonian co-operatives have continuously improved. All together the results build good basis to improve the reputation of co-operatives and to develop co-operation further.

Measures directed to development of economic co-operation should not inevitably bring along high costs and pressure on the state budget. In the terms of limited financing abilities of the government, it is reasonable to concentrate on development measures – credit policy, information policy and product development, which are rather cheap and efficient issues to use and also help to achieve most of the objectives set for Estonian agricultural policy.

In brief the suggestions in case of agrarian structure policy and support structure for co-operatives are following:

Establishment of viable central co-operatives would enable to achieve improvement in bargaining power of local agricultural producers and thereby improves their competitiveness.

There are several opportunities existing at the governmental level to support extension of co-operation

among producers of milk, meat, grain and other agricultural products, for example coordinating the establishment of central co-operatives at the governmental level. The activities could be financed under measure 1.9 from Rural Development Plan – formation and development of producer groups.

In the globalizing world it is more and more important to represent interests of national co-operatives on international level, collaboration with neighboring countries and international co-operative organizations is an important precondition for developing economic co-operation in Estonia, Estonian Co-operative Association has to coordinate development of co-operation in Estonia and arrange international seminars and conferences.

Reorganization of umbrella organizations and central institutions in agricultural sector could be a step-change project when reforming agricultural policy.

In case of spheres of production diversification should be supported – besides traditional plant growing and animal raising more attention should be paid to the development of alternative agricultural production. Development of vertical integration would essentially support small co-operatives to improve their economic situation.

Formation of supportive and non-discriminating legislation is an important factor when development of economic co-operation is considered. Legislation should be formed based on the real needs arisen from co-operative sector. At the same time it should be always assured that there are no discrepancies with co-operative principles existing in the legislation related to co-operatives.

Establishment of supervisory body (auditorial association) for co-operatives should be considered to arrange administration of co-operatives efficiently.

The development of economic cooperation in Estonian agricultural sector enables to improve the competitiveness of producers and processors of agricultural products. In a longer perspective the current study is the first phase when studying of cooperation-based agricultural policy is considered. Aiming the formation of successful agricultural policy, further studies in this field are planned for the next years.

The Role of State in the Rural Economic Cooperation: example of Estonian agricultural cooperatives in the last 20 years

J.Leetsar, A.Pöder, J.Krusealle, R. Värnik

Estonian University of Life Sciences

Summary

The present survey studied the role of the state in the societal development and the influence of the state on cooperative movement. Though times, the states have implemented different measures of coercion and influence on the cooperatives. Using the example of nature's coercive symbiotic communities (natural coercive cooperation) based on the so-called "selfish-gene" (Dawkins, 1976, 2000), those kinds of actions are justified by the democratic states. There are three ways for a state to intervene in cooperative movement:

1. The promotion of cooperatives' development with legislation and with direct financial support.
2. Taking a neutral position and non-involvement in the processes of the market economy.
3. Directly or indirectly hinder the development of cooperation.

In order to achieve the objective of the present survey, the following sub-aims were set:

1. To analyse the developments of economic cooperation of previous periods in order to study the role of the state in it and the possibilities for the state to influence the development of cooperative movement. Methods: synthesis, description, grouping.

2. To analyse the political measures implemented for the development of economic cooperation in the reference countries. The aim was to use the practical experience from the other countries to examine the possible political measures to develop the cooperative movement. Methods: synthesis, description, grouping, logical analysis.

The wider objective of the project is to advance the competitive ability of Estonian agricultural production and the processing industry and to ensure the sustainability of agricultural sector by promoting the economic cooperation. Also the other goals are to develop rural life and relieve social problems by developing economic cooperation.

On the basis of the results of the survey, following general conclusions were made:

1. Almost all the countries studied in the project have supported the development of cooperatives. The survey showed that those states have done this to a surprisingly large extent and in very different fashions. The natural-theoretical approach justifies this as according to the cooperative theory the democratic states are cooperatives by their nature.
2. In the same time, the preferential development of cooperatives cannot be a goal in itself. The cooperative have to take the interest of consumers into account and have to compete in the market with other forms of enterprises on equal terms. Because of the specifics of the cooperative movement (the ownership relations, social and regional aspects), the implementation of special measures and differentiation of legislation is often justified in case of cooperatives. The experience of the other countries show that, as a rule, neither subsidizing measures have been implemented for the preferential development of cooperative movement nor there are plans to implement some in the future.
3. It is certainly necessary to inform political forces about the nature of economic cooperation and its specifics in order to achieve that they are taken into account in the formation of state's policy and legislation. Considering the limited financial resources in Estonia, it would be rational to implement measures for the development of cooperation that are least expensive, but efficient in the same time.
4. The measure belonging to the domain of incomes policy offer most efficient means for the development of agricultural cooperation (improving the economic results of agricultural sector and competitiveness). Development measures in the domain of incomes policy have to be implemented in order to stimulate the development of economic cooperation. The implementation of development measures to achieve the goals is a positive phenomenon and by implementation of systematic and

consistent credit policy and information policy it is possible to achieve a great deal of agricultural policy's aims.

5. It is purposeful to form and adopt a state program for the development of cooperation in the level of parliament.

The development of economic cooperation has been reckoned important by many countries all over the world. The cooperation has proved its usefulness and value in practice and therefore cooperatives as economic units are widely spread in the world. The market share ratios of cooperatives show the extent by which the economic sectors of the state are seized by cooperatives. If the cooperatives have seized more than half of the market of an economic sector, then they are practically controlling the market (Leetsar, 2001b).

The conclusion of the article states that so far the Republic of Estonia has not used all the possibilities of cooperative movement to support Estonian national independence and to improve the economic situation. Presumably because of this also, in the period of economic recession there is recession in rural economy and the damages to the agriculture are larger and more sizable.

German Cooperative Audit Associations as Cooperative Development Agencies – Renewal, Trends and Strategies

Michael Levin

Abstract

During the 1990s, around 40 new cooperatives were annually established in Germany. In 2000 the Genossenschaftliche Prüfungsverbände (cooperative audit organisations, CAO) launched an initiative to increase the number of new cooperatives. During a six year period coop start-ups could be doubled to 80 in 2006. Still, mergers and fusions etc. meant that the total amount of German cooperatives continuously decreased. Partly due to a reformed Cooperative Law (as of 2006), Germany experienced thereafter a steep rise of newly established cooperatives (from 80 in 2006 to 280 in 2009 (Stappel, DZ-Bank, 2009)).

How can we explain these numbers?

According to German cooperative law, all cooperatives must be a member of a CAO. Incorporation as a coop is allowed only after a mandatory audit process at start-up, which is then followed by regular audits performed by the CAO. The bulk of start-up help in Germany is provided by the 6 regional CAOs and 5 specialized CAOs (2011). They all operate under the roof apex organisation DGRV (Deutscher Genossenschafts- und Raiffeisenverband e.V., Committee of the German Cooperative Associations).

An example of the sheer scope of these CAOs might be the biggest i Germany: in 2008 two regional cooperative audit organisations (Frankfurt and Northern Germany) merged to become “simply” der Genossenschaftsverband (The cooperative association). This CAO caters for 40 % of the German population, has 1839 member cooperatives, employs 1173 staff, and has an annual turnover in 2009 of 142 M€.

An ongoing Ph.D.-study comparing Germany to Sweden might offer some preliminary insights to the organisational decisions, strategies and reasons behind this new “boom” in Germany. They are: 1) formalized cooperation amongst the CAOs under guidance of the apex organisation, 2) regional competences identify regional problems and develop cooperative solutions, 3) development and distribution of blueprint kits for general concept establishment solutions (photovoltaic coops, doctors coops etc.), 4) the strategic focus by the CAOs on “multipliers” (mayors, tax advisors etc.), which can spread such new ideas and finally, 5) an intensified and professionalized lobbying and PR by the CAO.

Abstract by Michael Levin, Ph.D.-student, Södertörn University/Stockholm University, Baltic and East European Graduate School, +46-(0)733-723216, michael.levin@sh.se

QUALITY OF CO-OPERATIVE MANAGEMENT IN UKRAINE: PROBLEMS AND PERSPECTIVES

Larysa Lisogor¹

Abstract

Market-oriented development of Ukrainian economy during pre-crisis period was characterized by absence of structural reforms, non-effective privatization process, poor governance, high level of corruption, political non-stability, and as a result – low competitiveness of economy. Participation of transition economies in the global competitiveness process might be successful under condition of effective activity of state-owned, private-owned and co-operative-owned enterprises, improvement of business environment. It stipulates the necessity of the elaboration of the effective strategy of enterprise's development. First of all it related to the improvement of existing management systems, development and introduction of new approaches to the staff training. Quality of human capital as well as effective management remains an important competitive advantage of country.

But the impact of the economic crisis (2008-2009) had contributed appropriate adjustments into strategy of enterprise's development. Export-oriented development of Ukrainian industry (mainly mining, metallurgy) in pre-crisis period had considerably weakened the position of Ukraine in competitiveness ranking. Sharp drop in GDP during 2008-2009 led to the significant deterioration of the economic situation on the majority of state-owned enterprises. Need to overcome the negative consequences of the crisis impact on the Ukrainian economy require the focus on cooperative development. Respectively, it implies an increase in demand for training in co-operative sector, the improvement of the quality of co-operative management in the competitive market environment. It foresees the necessity of the elaboration of new approaches to the development of training for co-operative sector, in particular, the establishment of co-operative educational institutions. Existing experience of co-operative universities in Ukraine confirms the feasibility of their establishing to sustain the competitiveness of the co-operative sector through the development of human resources and corporate culture.

There are two basic approaches to creating of the co-operative university – an alliance of traditional educational institutions, or forming an independent structure. The activity of co-operate university is aimed on the investing of intellectual framework of co-operative structure and development of its personnel. It also regarded the business processes, external environment, management.

The main stages of establishing of a co-operative university are:

- reparatory stage (analysis of corporate culture and social responsibility (tools, forms and methods, communication channels and feedback system, rules and regulations, vision);
- implementation stage (implementation of the basic and special techniques and technologies of training with a focus on actual tasks of the corporate structure);
- improvement stage (quality control study, evaluating of the feasibility of human capital investing, identification of the trends of educational process optimization).

As a result of the co-operative university activity should be mentioned skills improvement, reducing of staff turnover, development of corporate culture. Contrariwise, it leads to the improvement of co-operative structure's performance, strengthening of social responsibility. It testified the importance of the elaboration of the new approaches to the implementation of research-based education as a basis of the creation of enabling environment for co-operatives development.

¹ Larysa Lisogor, Institute of Demography and Social Studies of Ukrainian National Academy of Science, Head of the Department of Labour Economics, Ukraine, Kyiv
E-mail: Lara_lis@ukr.net

Multi-stakeholder cooperatives: a new tool for a healthier local food system:

Margaret Lund

Abstract

Multi-stakeholder cooperatives (or solidarity co-ops as they are sometimes known) are co-ops that formally allow for governance by representatives of two or more “stakeholder” groups within the same organization. Such co-ops, which may include consumers, producers, workers, volunteers and/or general community supporters in their ownership and governance structure, are generating increasing interest and experimentation in both Europe and North America. In Europe and Canada, multi-stakeholder co-ops are typically formed to pursue primarily social objectives and are particularly (although by no means exclusively) strong in the areas of healthcare and social services. In the U.S, however, sustainable food systems has been a particular area of interest and activity for multi-stakeholder cooperative enterprises.

Economists and business practitioners have long used the metaphor of a “supply chain” linking producers, processors, distributors, retailers and consumers when describing how particular goods come to market. A more recent development put forward by Dr. Peter Senge of MIT among others is the concept of the “value chain” which encompasses not only the transactional relationships that take place along a typical supply chain, but also the wider context of stakeholder relations and social and environment impacts inherent in production, sourcing and distribution activities.

Multi-stakeholder cooperatives have much to contribute to this discussion of healthy food value chains. Cooperatives recently formed in Wisconsin, North Carolina and Oklahoma are now successfully bringing together farmers, workers, consumers, food processors, distributors and community members in a common venture designed both to ensure safe and healthy food and to support a vibrant local economy. This paper will explore several case studies of co-ops in this growing movement and place this activity in the broader context of fundamental changes in the American food landscape.

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Margaret Lund, is a Principal of Co-opera Co., an economic development and share ownership consulting firm and chief author of “Solidarity as a Business Model: A Multi-stakeholder Cooperative Manual” recently published by the Ohio Center for Employee Ownership.

95 W. Island Avenue, Minneapolis, MN 55401 USA

Finding Traction on a Slippery Path: Teaching about Co-operatives, the Co-operative Movement, and Co-operation

Ian MacPherson

Abstract

This paper would summarize the challenges the author has seen in trying to develop teaching about co-operatives the co-operative movement, and Co-operation over the last forty years within two Canadian universities. It argues that the impediments have been both from the limitations of academic enquiry, some weaknesses in how co-operative researchers have undertaken their work, the weak integrated support systems co-operative researchers have developed to help themselves, and some difficulties in relating to people outside the academy with an interest in co-operative development. It offers some suggestions as to how these issues might be addressed.

Ian MacPherson
Emeritus Professor of History
University of Victoria
Victoria, Canada

Financing systems-level development with micro-level cooperative and cooperative support structures

Robert J. McIntyre

Universitet Jaime I & Local Development in Transition

Abstract

Conventional discussions of “finance for development” focus almost entirely on the mobilization and utilization of external resources, paying no attention to the task of building a locally-rooted saving and investment capacity that is not dependent on aid or conventional FDI. But Finland and Quebec (1890s and after) and the Basque region of Spain (after 1955), with the commonly cited post-World War II development success of South Korean, Japan, China, make a very different point -- that internally generated, self-financed growth is possible at a systems-level, if a savings and investment mechanism is embedded at the local level that can draw on and fruitfully use the savings that exists in even the poorest populations.

Both precedent and structural logic suggest this is a promising space for development of a localized financial system based on credit co-operatives. The advantages of credit co-operatives in mobilizing and financing local economic development contrast with the disadvantages of both conventional micro-credit and other recent fashions in „market-oriented developmental financial institutions“.

Conventional microfinance and micro-credit programs have little sustainable developmental effect, depend on donor financing and almost never lead to local-level entities able to evolve to a scale adequate to finance serious small enterprise development -- at best they are a poverty-palliative. The micro-credit vogue diverted attention from building sustainable locally-controlled institutions. Micro-credit propagators also often work to prevent the rise of alternative self-supporting credit institutions, such as real credit co-operatives and locally-owned banks.

This paper draws lessons from Iberian, Nordic and Quebecois experience in triggering local growth in poor regions under difficult conditions, establishes the central linkage of this policy result to application of policies consistent with the “local developmental state” model, setting out a series of relationships between locally-owned “banks”, local small enterprises of various ownership types, and local government (province/city/town). Financing alone is still not enough without some links to either larger firms (or local governmental bodies that carry similar externality-generation and demand-generation weight) or cooperative support structures.

We analyze what is required to build-in successful local-level financing capacity (locally controlled and based on local resources), technical capacity and reliable local demand in areas that have remained backward and little influenced by the dynamism of the growth poles in countries such as China and India. It applies as well to advanced countries where sharp center-periphery or regional differentials exist.

Some preliminary effort is made to suggest a specific array of product- and industry-specific initiatives that could succeed on this basis, subject to obvious local specificities. The illustrative approach presented here combines particular types of local “small banks” with local government, pivoting around the issue of energy-use. Energy utilization/energy efficiency is a sector where local-level financing of small-scale local-level investment offers great potential to simultaneously stimulate SME growth, reduce energy waste, preserve funds for local social sector programmes, and reward socially functional entrepreneurship. This combination is appropriate to economies in virtually all developmental conditions and circumstances.

Developing food selection towards sustainability – the role of consumer co-operatives

Minna Mikkola, Martin Hingley

Abstract

The consumer co-operatives see themselves as representing the interests of their members by offering them economical selection of quality products and services. The powerful retail chains are used to “balance maximizing consumer choice against limiting products to those with highest sales potential” (Atkins & Bowler, 2001, 94). Recently, the retailers have responded on consumers’ increasing attraction on local and organic food, or broadly sustainable food as an expression of green economy (Atkins & Bowler, 2001; HM Government, 2010). The situation reflects public discourses and policies aiming at development of market place for sustainability, whereby both ecological and socio-economic concerns regarding food are mediated by retailers between suppliers and consumers. This paper asks, what kind of views and respective trajectories the co-operative managers and their local food suppliers exhibit towards sustainability. Do the interests (Swedberg, 2005) of these two parties align for sustainability and if so, in which ways? The paper is based on ten in-depth interviews of both co-op managers and local food suppliers.

The results suggest that the Finnish consumer co-operative exhibited broad interests in sustainability, basically in alignment with the ones of their suppliers but with some extended concerns. The co-op interests included both more equal and „fair“ trade relations, whereby selection development with local suppliers was an important response for customer demand. On the one hand, the co-operative supported the marketing of the local suppliers and covered their vulnerable position by being responsible for the unsold food in their retail outlets. The local suppliers looked forward to retail management to allow occasional selection deficits; the co-operative developed a particular mode of display to adapt to this need. On the other hand, the co-operative weeded out less than professional local suppliers from their channel. Intriguingly, unlike reported as a generic mode of trade with retail (Atkins & Bowler, 2001), the co-operative did not press the prices or require charges for shelf space, but allowed the competitive market for sustainability to operate in their stores. Furthermore, the co-operative had connections with research institutes as did the local suppliers; however, while the co-operative was still looking for ways to benefit from carbon footprint assessments of food, some suppliers were considering the use of their data in marketing. Finally, the co-operative increased its sustainable energy efficiency and upgraded its waste management through industrial recycling and incineration.

There seemed to be facilitating relations developing between the co-operative and the local suppliers, albeit the ecological developments seemed partly distant (Mikkola, 2011). The competences of the parties enabled their “weak” economic sustainability, which appeared to be a condition for developing “strong” sustainability (Jacobs, 1999). If this mode of local food trade could grow and entail the use of ecological in-depth information in shaping the operations of suppliers and retailers, more sustainable food system could emerge if customers would join these food chains. However, novel ways to create and share more in-depth understanding of sustainable food are evidently needed by all stakeholders.

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Minna Mikkola
project researcher, MSc
University of Helsinki
Ruralia Institute
minna.mikkola@helsinki.fi (corresponding author)

Martin Hingley
Professor of Strategic Marketing
Lincoln University
Lincoln Business School.
mhingley@lincoln.ac.uk

The promotion of cooperatives in Europe through the implementation of an appropriate legal environment in Europe: the SCE (and the Spanish case).

Vanessa Marti Moya

Abstract

In recent times, the fostering of the economic development of cooperatives has been a significant subject of concern within the European Institutions, which have carried out an extensive program of promotion and support of this particular form of enterprise.

As a fundamental part of this plan, the legal framework of the cooperatives plays a significant role in the success or failure of the institutional efforts to facilitate their cross-border activities and their complete integration in the internal market as an important economic actor. Therefore, a Regulation on the Statute for the European Cooperative Society Given was approved by the Council in 2003 which essential aim is to “enable the establishment of SCE’s by persons or legal entities of different Member States”. This goal faces, however, some problems of different kind.

First, as opposed to Company Law, the legal regime of the cooperatives within the EU has not been previously harmonised, what unavoidably hampers the existence of a European model of cooperative similar within all Member States. Beyond these natural diversities between national laws, some countries such as Spain may face a further obstacle, due to their particular internal distribution of competence on regulation of cooperatives between the State and the regions. The Commission, conscious of the fact that all these differences may have an impact on the success of the SCE, is properly seeking to promote indirect approximation of national laws through strengthening the contacts and collaboration between national legislators.

To this regard, the European legislator has also tried to solve these obstacles by introducing a large number of references to the national legislation on public limited Companies in the Regulation on the SCE. This shows a progressive tendency to approximate the legal regimes of these two legal forms of enterprise, at least in specific matters.

This communication is aimed, firstly, at analysing whether the Statute for a European Cooperative Society and its implementation has achieved the primary goals above mentioned. On one hand, we will examine the Study on the implementation of the Regulation 1435/2003 on the Statute for European Cooperative Society entrusted by the Commission to a group of leading experts on the subject, to pay special attention to particular matters of greater concern. Besides we will focus on the references to the national regulations of Public Limited Companies contained in the Regulation of the SCE in order to determine their consequences. Finally, we will specifically tackle with the particularities of the Spanish case, for its very special features derived from a complex system of legislative competence distribution and paying special attention to the recent Spanish Law 3/2011 governing SCE’s registered in Spain, passed on 4th march 2011. A final case-based study will show whether the Statute has implied a contribution to the creation of supra-national cooperatives.

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AUTHOR: Assistant Professor Vanessa Martí Moya. LLM in European Studies (College of Europe). PhD in Law, University of Valencia (Spain). Vanessa.marti@uv.es

Circulating Model of Trust and Commitment in Cooperative Membership System of JA Bank*

Shinri Murakami

Abstract

This study pays particular attention to relationship marketing various marketing theories, and examines the effectiveness of a marketing approach for the cooperative banks. Relationship marketing, based on long-term and consecutive relationships with the customers has become a central issue in marketing. In addition, the constructive concept of relationship marketing seems to share many common features with the cooperative membership system of cooperative banks.

In this paper a hypothesis model based on the above is verified using covariance structure analysis. The hypothesis model considers “structural factor” and “maintenance factor” as latent variables, and “cooperative member retention rate” and “cooperative member rate” as observed variables mainly. In terms of the analysis data, 13 JA bank were asked to supply its customer data, which was collected by branch. This analysis proves that the cooperative membership system itself includes the elements of relationship marketing. It also demonstrates that these elements have a considerable impact on business performance.

And the author tried to make the conceptual diagram of relationship in JA bank. At first the author examined “trust” and “commitment” that were the constructive concept of relationship marketing in some precedent studies more carefully (Morgan and Hunt 1994 etc.). Next the author checked this analysis of the hypothesis model again. As a result, the author judged to be able to replace “structural factor” with commitment and “maintenance factor” with trust. Through this process, the author got the reasoning that the circulation might act on trust and commitment in the cooperative membership system of JA bank (cf. Figure 1).

It is said that the relationship develops step by step (Dwyer, Schurr and Oh 1987). As a whole, the author approves such development. However the author proposes the circulation for the part which cannot explain with step by step development. According to this, the trust develops into commitment before long. And commitment leads to bigger trust. Conversely, the trust deteriorates if the part of commitment is lost. With something, a new commitment occurs if trust is restored again. In such a function, the cooperative membership system takes a role as the adhesive. And for promoters of cooperatives, this conceptual diagram may contribute to solution.

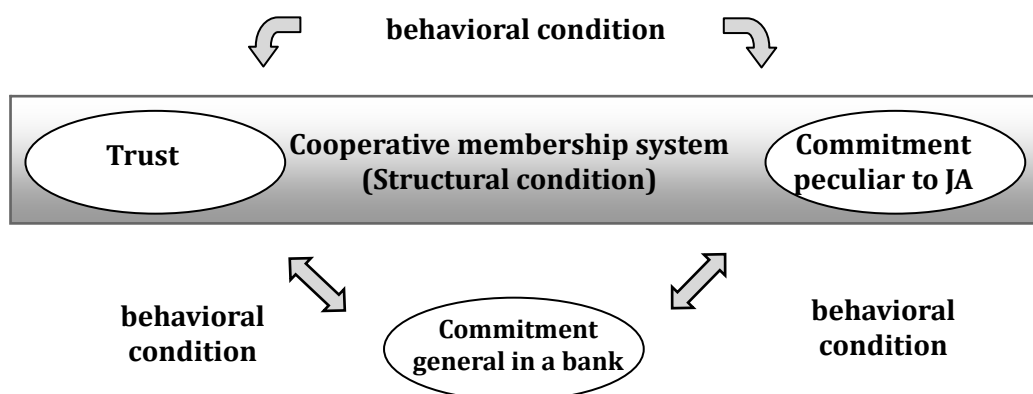


Figure 1 Circulating model of Trust and Commitment

The source : the author making

Note

* Cooperative System Financial Institutions of Japan Agricultural Cooperatives

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Assistant professor, Ph.D, Shinri Murakami, Hiroshima University
e-mail: shinri@sky.megaegg.ne.jp

The Role of Forestry Cooperatives in Reducing Carbon Dioxide Emissions

E. G. Nadeau, PhD¹

Abstract

The United Nations estimates that the destruction of forests accounts for about 20% of all carbon emissions. Reducing Emissions from Deforestation and Forest Degradation (REDD) is a UN-led effort “to create a financial value for the carbon stored in forests, offering incentives for developing countries to reduce emissions from forested lands and invest in low-carbon paths to sustainable development. ‘REDD+’ goes beyond deforestation and forest degradation, and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.”²

The purpose of this proposed paper is to present a strategic analysis of how forestry cooperatives can play a greatly increased role in both developing and developed countries in reducing deforestation, planting trees, and managing forests for growth. The paper makes the case that, over the next 20 years, forestry cooperatives could become the international leader in reversing the role of forests from being a net emitter of carbon dioxide to becoming a net carbon storage sink.

The paper will present several different models of forestry co-ops that are appropriate for different kinds of public, private and communal land ownership and will illustrate each model with one or more examples. Models will include worker cooperatives, landowner cooperatives and leaseholder cooperatives. In all of these cases, the paper will argue that co-ops have a unique ability to efficiently aggregate large numbers of people and resources in order to reduce forest carbon emissions and to increase forest carbon sequestration.

As cited in the above UN quote, a key factor in reducing carbon emissions in developing countries will be the transfer of funds from developed countries in order to pay for these reductions. The paper will make the case that forestry cooperatives in developing countries are an excellent means to channel these funds to the residents of rural communities where they can be used not only to reduce carbon emissions and increase carbon sequestration, but also to generate income for rural residents.

E. G Nadeau, PhD
Masters in Management in Cooperatives and Credit Unions Program,
St. Mary’s University, Halifax, Nova Scotia

1 E.G. Nadeau, egnadeau@inxpress.net, is a sociologist and is on the MMCCU faculty. He has researched and developed forestry cooperatives in the United States and has been doing research on them in Canada, Europe, Latin America, Africa and Asia since 1998.

2 United Nations REDD program: <http://www.un-redd.org/AboutREDD/tabid/582/language/en-US/Default.aspx>

The First Mile: The Potential for Community-Based Health Cooperatives in Sub-Saharan Africa

E.G. Nadeau, PhD¹

Abstract

The proposed paper will be a revised version of an Occasional Paper published by the University of Wisconsin Center for Cooperatives in December 2010

The paper will present a model for community-based health cooperatives in Sub-Saharan Africa that is based to a large extent on a successful community health mobilization program in Kenya.²

Among international donors and health providers, a widely-acknowledged frustration is the difficulty of getting assistance to rural communities that are often the most in need of health services.³ This gap is sometimes referred to as the “last mile” problem. From the village perspective this same mile is the “first mile” toward accessing health services. This paper proposes that community health cooperatives provide a means for villagers themselves to define their priority health needs and to play the lead role in addressing them. These co-ops have the potential to bridge the “last mile” gap by creating a “first mile” capability at the village level to take care of basic health problems and to reach out to the health delivery system when greater assistance is needed.

The paper will briefly review the persistence of serious health problems on the subcontinent and will then present the cooperative model as an effective means to address health and health delivery issues in the region. The paper will conclude by calling for broader application of this new cooperative health model and for rigorous research to document changes in health and mortality indicators in communities served by these cooperatives. The paper will also include two appendices that contain focus group and case study results on the community health mobilization program carried out by the author in the Western and Coast provinces of Kenya.

By E.G. Nadeau, PhD¹
Masters in Management in Cooperatives and Credit Unions Program,
St. Mary's University, Halifax, Nova Scotia

¹ E.G. Nadeau, egnadeau@inxpress.net, is a sociologist and is on the MMCCU faculty. As a cooperative development consultant, he has researched community-based health care in Benin, Burkina Faso, Kenya and Mali.

² The program has been carried out over the past 10 years by CLUSA, a division of the US-based National Cooperative Business Association, and funded by the US Agency for International Development.

³ For example, International Conference on Global Health, 2008: http://www.globalhealth.org/conference/view_top.php?id=845; USAID Deliver Project: <http://deliver.jsi.com/dhome/topics/supplychain/lastmile>.

Access to Financial Services, Financial Inclusion and Urban Poor - Evidence from India

Mani Arul Nandhi

Abstract

India is recognized to be among the fastest growing economies in the world with a steady growth rate of 8.5 to 9 % and is complemented by an improvement of India's Human Development Index from 0.406 in 1975 to 0.612 in 2007 showing improvements in quality of life. Alongside the growth story, paradoxically there exists the startling spectre of the 'other' India of urban poverty and other inequalities. Over 80 million poor people live in the cities and towns and urban poverty has increased by about 5.8% in the last few decades. A majority of the urban poor are internal migrants employed in the unorganized sector surviving on between \$1 and \$2 a day. Another disturbing aspect is that India has the second largest financially excluded poor in the world and 51 % population is underserved in spite of a large number of financial players. The banking system shuns the urban poor due to their mobile habitat, irregular incomes, and weak social capital. Rutherford (2000) argues that the poor need access to financial services much more than the rich simply because the poor have little money. Life is both costly and insecure for the urban poor in India. They face various hardships in saving, remitting or in obtaining credit because they do not have a bank account either at the migrated place or at their home village. As a result, nearly 78% of the poor households are highly dependent on expensive informal sources.

India's financial inclusion drive calls for a conscious attempt to reach the vast numbers of excluded poor to promote more inclusive growth. One critical input, inter alia, towards their financial inclusion lies in building a reliable and systematic data base to comprehend the financial behaviour of the urban poor and in designing suitable financial interventions to mainstream them into the financial system. Since rickshaw pullers form a sizeable segment of urban poor migrants in Delhi, the paper is drawn from the author's recent empirical work that focused on capturing how they behaved, decided and handled their money while staying in extremely difficult and dismal living conditions. The study used a combination of methods - in-depth field interviews, case studies, key informant interviews and focus group discussions to explore about the kind of financial instruments that are available or used by the urban poor migrant rickshawpullers, the different practices followed by them in saving, credit and in remitting their money and the different social practices (nature of social capital and social networks) that are available to them at the migrated place to fall back on during crises and emergencies. The paper highlights some critical findings which throw valuable insights into the needs and requirements, choices, challenges and problems faced by the urban poor in their financial behaviour with policy implications and for designing suitable financial interventions that can enable unbanked urban poor to access financial services at their doorstep.

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Details of the Author

Name:

Ms.Mani Arul Nandhi, Ph,D

Designation:

Associate Professor, Jesus and Mary College, University of Delhi,
Chanakyapuri, New Delhi, India, Pin: 110005

Residence & Communicating

N-2, Ground Floor, MIG DDA Flats, Phase II, Prasad Nagar, New Delhi -110005

Phone: (011) 2581 1058;

Mobile: 98105 88124

Address Email id:

mnandhi@gmail.com

The History of Rochdalian Co-operatives in Latin America

Prof Dr. Sigismundo Bialoskorski Neto

Abstract

This paper aims to describe the Rochdalian co-operatives movement and its ideas in Latin America. Initially, the paper shows Pre-Rochdale co-operatives initiatives in Latin America, specially the Indians cooperatives organization and in special the Catholic Missions in Brazil and Argentina . After this paper discuss the European immigration process, the new co-operatives ideas arrival and its recent development to become a socioeconomic practice. Finally, it compares the recent social movements in Latin America and the co-operatives ideas in Brazil, Venezuela, Bolivia, and Central America, in order to show the new dichotomy between traditional and new social co-operative movement.

Key Words: Co-operativism, Co-operative History, Latin-America Co-operatives

Changing member loyalty in producer cooperatives

Jerker Nilsson ¹, Petri Ollila ^{2 3} and Claudia von Brömssen ⁴

Abstract

Loyalty based on ideology has been regarded as the major motivation for membership and patronage in cooperatives. Mutual trust between the membership and their cooperative has through history enabled both members and cooperatives to survive financially difficult times.

The importance of loyalty may, however, shrink in the future when the competitive pressure is rising as a consequence of the internationalization or even globalization of the economies throughout the world. Both the cooperative processing firms and the individual farmers are subject to intensified competition, internationally as well as nationally. The cooperatives' response to the increasing competition is most often strategies of vertical integration as well as horizontal integration (Van der Krogh, Nilsson and Høst, 2009), i.e. moving forwards in the value chain, and expanding the size of operations, respectively. Along this development it has been observed that the members' loyalty has changed its role, most often diminished. Large cooperatives' behaviour has become similar to that of investor-owned firms so the members tend to become alienated within the large and anonymous memberships (Nilsson, Kihlén and Norell, 2007).

The present study aims at exploring to which extent this reasoning is supported by empirical data, and so under various circumstances. Hence, the study concerns members' degree of cooperative loyalty depending on the individuals' different socioeconomic status (age, education, gender, etc.) as well as members in cooperatives with different attributes (size, industry, internationalization, etc.).

Different members are not equally important for successful operation and, thus, they have different bargaining powers. Kuhn (1972) pointed out that a small member does not plan to exit at all because s/he is afraid of competition outside the cooperative. Do small members explain their behaviour with cooperative ideology? Large members, on the other hand, are always considering exiting, because of their high threat potential (Ollila 1985). What is the role of cooperative ideology and loyalty in this phenomenon?

Over many years cooperative researchers have been interested in members' various socio-psychological constructs such as loyalty, trust, attitudes and motives (Bravo-Ureta and Lee, 1998; Gray and Kraenzle, 1998; Hansen, Morrow and Batista, 2002; James and Sykuta, 2006; Bhuyan, 2007). The theoretical framework for the study is similar, though placed within the framework of the social capital paradigm. During recent years, social capital has been a means of indicating loyalty and trust. One way of describing the relations between a cooperative and its members can be to analyse how bonding capital changes its form through linking capital into bridging capital (Robison et al. 2002), i.e. how ideology changes into a conventional business relation.

The data originates from a survey among altogether 1300 Finnish farmers. Six questions in the questionnaire covered motivation for the respondents' membership in terms of loyalty, cooperative ideology and similar social capital issues. Furthermore a host of socioeconomic variables as well as the respondents' choice of buying firms (cooperative or investor-owned firms) were included in the questionnaire. The statistical methodology for analyzing the data is discriminant analysis, which provides possibilities of identifying relationships.

¹ Department of Economics, Swedish University of Agricultural Sciences, P.O. Box 7013, SE-750 07 Uppsala, Sweden, and Department of Work Science, Business Economics and Environmental Psychology, Swedish University of Agricultural Sciences, P.O. Box 53, SE-230 53 Alnarp, Sweden. Phone: +46 18 67 17 68; E-mail: Jerker.Nilsson@ekon.slu.se

² Department of Economics and Management, Helsinki University, P.O. Box 27, 00014, Helsinki. Phone: +358-50-415 1199, E-mail: petri.ollila@helsinki.fi

³ Corresponding author

⁴ Department of Economics, Swedish University of Agricultural Sciences, P.O. Box 7013, SE-750 07 Uppsala, Sweden, Phone : 671720, E-mail: claudia.von.bromssen@slu.se

The findings of this study may reveal changes within the structure of the agro-food industries. If, for examples, it turns out that mainly older members have cooperative ideology as a motive for their cooperative membership, these cooperatives are worse off. Similarly, if the ideologically motivated members predominantly are members of weak cooperatives, these cooperatives future seems bleak.

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The importance of social capital in cooperatives

Jerker Nilsson ^{*1} , Gunnar L.H. Svendsen ² and Gert Tinggaard Svendsen ³

Abstract

Many traditionally organized agricultural cooperatives have recently faced problems that have forced them to abandon their business form. Theoretical explanations have been put forward, comprising a variety of economic and sociological theories. The present study suggests that the social capital paradigm may explain the development. It is claimed that the problems are due to the members having less and less trust in the cooperatives and in each other. The cooperatives' decision-makers have no instruments for estimating how much social capital is lost when they pursue strategies of vertical and horizontal integration, and therefore they do not consider this cost in their calculations. Thus the problems caused by the cooperatives' vaguely defined property rights are becoming increasingly serious. This reasoning is summarized into a model, which is influenced by the consumer choice model.

The demise of many traditionally organized agricultural cooperatives in the western economies is explained by Fulton and Hueth, 2009. Some cooperatives have transformed into a non-traditional cooperative organizational model, for example by introducing individual ownership by the members (Nilsson and Ohlsson, 2007). Others have disappeared due to mergers or acquisitions (Chaddad and Cook, 2007; van der Krogt, Nilsson and Høst, 2007). A number of bankruptcies have taken place (Lang, 2006). Some cooperatives have sold a part of their business activities to investors, thus getting a hybrid type of cooperative (van Bekkum and Bijman, 2006). Still others have converted into investor-owned firms (IOFs).

In their attempts to explain the problems of many agricultural cooperatives, researchers have used a wide specter of theories such as agency theory (Cook, 1995), property rights theory (Fulton, 1995), population ecology theory (Bager, 1996), transaction cost theory (Harte, 1997), corporate governance theory (Holmström, 1999), and cultural theory (Hogeland, 2006).

This study suggests social capital theory as a tool for explaining the demise of many agricultural cooperatives. It is posited that the cooperatives are gradually losing social capital, so the memberships have less and less trust in the cooperatives as well as in each other. This is a consequence of the fact that many cooperatives of today are not working with the kind of business activities, which this organizational form was built for (Ollila, 1989). In several of the prior explanations it is possible to identify some elements of social capital. Hence the purpose of this study is to provide a social capital theoretical explanation to why traditional cooperatives often suffer from problems in the present-day market environments.

* Corresponding author

¹ Department of Economics, Swedish University of Agricultural Sciences, P.O. Box 7013, SE-750 07 Uppsala, Sweden, and Department of Work Science, Business Economics and Environmental Psychology, Swedish University of Agricultural Sciences, P.O. Box 53, SE-230 53 Alnarp, Sweden.

Phone: +46 18 67 17 68; E-mail: Jerker.Nilsson@ekon.slu.se

² Danish Center for Rural Research, University of Southern Denmark, Niels Bohrs Vej 9, DK-6700 Esbjerg, Denmark.

Phone: +45 65 5042 27; E-mail: glhs@sam.sdu.dk

³ Department of Political Science, Aarhus University, Building 1331, Bartholins Allé 7, DK-8000 Aarhus C, Denmark.

Phone: +45 89 42 13 04; E mail: gts@ps.au.dk

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Co-op Index for worker cooperatives: A normative benchmark

Sonja Novkovic and Ryszard Stocki

Abstract

The paper describes the process of development and application of the Coop index, a management tool developed by worker co-op members and consultants, rooted in normative theory of total participation (Stocki et al 2010). Co-op index is a survey-based tool that examines the perceptions of co-op members and employees, measuring the fit of the organization with the ICA co-operative principles and values (ICA 1995) at the same time. The application of the tool assists the co-operative members in implementing organizational change through the sense-making process, and using the co-operative principles as guidelines in meeting their own 'ideal'.

The paper describes the process of development and application of the Coop index, a management tool developed by worker co-op members and consultants, rooted in normative (prescriptive) theory of total participation (Stocki et al 2010). Co-op index is a survey-based tool that examines the perceptions of co-op members and employees, measuring the fit of the organization with the ICA co-operative principles and values (ICA 1995) at the same time. The application of the tool assists the co-operative members in implementing organizational change through the sense-making process, and using the co-operative principles as guidelines in meeting their own 'ideal'.

The role of benchmarking in the cost accounting context is to serve as a tool of achieving labour and other input efficiencies and obtain productivity information of the factors of production (McNair & Watts, 2006). It is thought of as a comparative tool and a performance evaluation measure. Benchmarking can be internal, set against direct competition, industry benchmarking, or process (best in class). Conceptualised as a path from internal benchmarking to best-in-class benchmarking, it is designed to take an organisation from a functional process focus to a strategic focus for attaining world-class status.

We argue that in democratic organizations, particularly worker co-operatives, the role for benchmarking provided by survey based tools such as the Coop Index is different. Benchmarks are normative (i.e. prescriptive), specified by the members. They represent the ideal type for processes and organizational structure that membership strives to achieve. In this context benchmarking is internal, set against organization's own performance over time; Coop Index tool then assists a co-operative in reaching its own potential as a participatory, ethical organization. Benchmarks are composite indices of organizational maturity set against the principles and values of co-operation in this case, rather than specific accounting targets. Co-operative literature suggests that co-ops often reach industry efficiency targets, but deliberately setting their processes to reach such benchmarks may lead to isomorphism into a different type of organization (Parliament, Lerman & Fulton, 1990). It is therefore important to continually test co-operatives against their own normative (prescriptive) standards.

Bringing them into the system: The role of financial co-operatives in promoting financial inclusion in Cameroon.

Nathanael Ojong

Abstract

In Cameroon like in several other developing countries, petty traders, farmers amongst others often complain of not having access to funds, vital for the improvement of their farms and the expansion of their businesses. This segment of the population has for long been excluded by mainstream financial institutions because they are too risky, and even their propensity to save is very low due to their "poor" status. The operations of financial co-operatives in Cameroon have shown these assumptions to be inaccurate. In fact, evidence from the field show that these low income group are indeed reliable. It is for this reason that we have seen an increase in the number of financial co-operatives in Cameroon.

The first financial co-operative was established in 1963 in Cameroon's North West Region by Anthony Jasen, a Roman Catholic Priest from Holland. Today there are over 200 financial co-operatives in the country. This paper assesses the role of financial co-operatives in bringing financial services to the unbanked. Several of these institutions are located in remote areas, where there are no banks and other financial institutions. Their close proximity to the population in need puts them in a better position to serve as springboards for delivering financial services to low income unbanked. Savings, credit, insurance and money transfer are the major financial products offered. The telecash program delivered by many financial co-operatives has eased and increased money transfer services in the rural areas. The provision of this highly valued service in the rural areas has increased the membership base of several financial co-operatives in the country. There is a tendency for these new members who are benefiting from the diverse financial products offered by these financial co-operatives to encourage others to join. This paper also examines the strategies used by these financial co-operatives to deliver these products, including the transition from the use of informal finance to formal finance. We argue that it is due to these strategies and flexibility that financial co-operatives in Cameroon have been able to promote the financial inclusion mission.

This paper then moves forward to look at some issues which need to be ironed out in order to render financial co-operatives more effective as concerns the financial inclusion mission in Cameroon. Evidence based on our field study demonstrates that financial co-operatives need to stay attuned to the financial needs of the unbanked. By so doing, they will be more innovative and will meet the ever increasing needs of the unbanked.

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Author

Nathanael Ojong
PhD candidate
Graduate Institute of International & Development Studies, Geneva,
Switzerland
Email: nathanael.ojong@graduateinstitute.ch

THE ROLE AND PROMOTION OF COOPERATIVE SOCIETIES IN A GLOBAL CONTEXT

JOB OMODIA (Mr.)

Abstract

Cooperative Society is a business organization owned and operated by a group of individuals for their mutual benefit (Sullivan, A. 2003). Cooperation started from the dawn of human civilization when man discovered the need to come together for their mutual benefit. Ancient tribes organized themselves into cooperative structures, and engaged in division of labour, pooling resources together for communal need. Therefore, Cooperative Society is an indispensable organ of socio-economic development. Furthermore, the role of Cooperative Societies cut across human all human developmental endeavours.

In the final year of the twentieth century, Cooperatives banded together to establish a number of social enterprises, agencies that moved to adopt the Multi-stakeholder Cooperative model (Ridley J. 207:39). In the last 15 years (1995-2010), the European Union and its member nations have gradually revised the accounting systems to reflect the increasing contribution of Cooperative Societies towards social economy (Monzon J.L. and Chaves R. 2008:577). Today, Cooperative Societies have become a force to reckon with in the global context. Its numerous contributions to individual socio-economic development needs cannot be overemphasized,

The object of this paper is to discourse the role of modern cooperative Societies and how to promote and sustain the culture of cooperation in the global context. The paper will define the Cooperative Society from scholars' perspective; examine its functions from national and international wise. Also, it will highlight different types of cooperative societies' contribution to national development within the global village. Finally, the paper will discuss how the cooperative societies can promote and sustain itself through modern communication network, information technology and advertisement and conference media.

Greater attention will be on the following salient issues: Introduction, conceptual definition of cooperative society, the role of the organization in the global social economy, the principle of self-reliance ideology, cooperative development in the contemporary global market economy and techniques which can be used to promote the organization in the international economic relations.

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JOB OMODIA (Mr.)

PRESIDENT, NIIA COOPERATIVE MULTIPURPOSE SOCIETY LIMITED, 13/15, Kofo Abayomi Street, Victoria Island, Lagos, Nigeria
jobitest@yahoo.co.uk

A MODEL FOR BUSINESS SUCCESS IN THE MANAGEMENT OF AGRARIAN CO-OPERATIVES: A PROPOSAL

Cristina Pedrosa Ortega, Elia García Martí

Abstract

Agricultural companies have adapted to environmental conditions in which they work through grouping in agrarian co-operatives to improve their competitiveness. This has supposed an increase in number and dimension of companies in the market. However, agrarian co-operatives must prove the validity of its legal form to get successfully in the market. Therefore, in this paper we propose a model that could serve to help co-operatives to ensure success in their management and survive in time.

In particular, we are going to deal with issues related to the government of these organizations because it is important and, in reviewing the literature, we find many inquiries about the quality of management in governance of these enterprises. Now, is it influence the democratic government of agrarian co-operatives in the business success of these organizations?

The objective that we set with our paper is to provide an answer to a traditional question in the economic and it is to try to identify what might be the factors or variables that determine the success of these companies. In summary, our main purpose it is focused on identifying and describing a management model based on factors that determine success in the management of agrarian co-operatives.

To identify these management factors, that it may influence in the success of the cooperative, we begin in a theoretical point of view which have included four organizational theories (Agency Theory, Stewardship Theory, Dependency Resource Theory, and Stakeholder Theory) in order to get some factors, that we believe, affect the agrarian co-operatives to be successful in theirs management. We have used the Hernández (2002) paper, in which defined variables that are crucial to the existence of successful organizations. These variables can be classified in endogenous variables (internal variables originating from administrative decisions, structure, objectives, control and management) and exogenous variables related to the context (legal, economic, financial, social, etc.). Similarly, we have used the Davila (2004) co-operative case studies, in which we can identify variables or common factors of success, which correspond with the proposal that promotes the co-operative model. Thus, in our paper, we make a theoretical proposition of the variables that could influence in the likelihood of success in the management of agrarian co-operatives, setting the future of the fieldwork research.

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Cristina Pedrosa Ortega (PhD Student)

cpedrosa@ujaen.es

Research Assistant

Department of Business Administration

Management Faculty

UNIVERSITY OF JAÉN

(Campus de las Lagunillas, 23071, JAÉN, SPAIN)

Elia García Martí (PhD)

egarcia@ujaen.es

Associate Professor

Department of Business Administration

Management Faculty

UNIVERSITY OF JAÉN

(Campus de las Lagunillas, 23071, JAÉN, SPAIN)

“Creative & practice-based approaches to pedagogy in new cooperativism”

Andrew Gryf Paterson

Abstract

In the Affinities Journal ‘The New Cooperativism’ publication, cooperative practices and values were presented that challenge the status quo, at the same time dynamic examples of alternative modes of economic, cultural, social technological and political processes are taking place: How are educational courses responding to the fact that emergency and social support systems are installed, country-sides and streets are being cleaned, movies, manuals and encyclopedias are being made, community greens and salads are being grown, but the learning is by doing, and the organisation structures are informal and network-based?

The author currently planning and imagining an informal outreach and pedagogical programme for Piknik Frequency ry (organisers of Pixelache Festival) called ‘Pixelversity’. As a „curated pedagogy“ consideration is given to relationships between different activities, how they may build up accumulative knowledge and skills towards the following year’s Pixelache Helsinki Festival, related to energy use, knowledge sharing, social engagement, and involvement in ‘transition/resilience’ themed activities and events.

This paper proposes that it is possible to adopt some of this creative energy that is taking place outside academia, and online in playbour (playful labour that blurs work and leisure time), and apply it in workshops and exercises as part of trans-disciplinary pedagogical activity.

A proposal is set forth that would involve researching & setting up a cultural programme and local ‘organised networks’ within the Pixelversity framework around the following example themes: Gulf of Finland territory, Open Design and Manufacturing, Grassroots environmental monitoring, and Creative Neighbourhood Skills, with discussion and experience sharing events which develop heterogeneous groups around these themes. The experience, knowledge and skills gained in the year would be documented in collaboratively made documents online/in booklet form, & help contribute towards future practice. Involving other individuals, associations and organisations from various different work perspectives outside the arts and cultural field are considered – For example in Helsinki, work exchange organisation ‘Aikapankki’, home & food-related ‘Marta’ foundation, ‘Kaupunginviljely’ (urban growers), maker communities in emerging ‘FabLabs’ (fabrication laboratories & workshops) - as well as larger institutional education and research partners, such as Aalto Media Factory and Suomen Ympäristökeskus.

The author presents an example model of how these examples may work together exploring informal and networked cooperativism within education. The question is: Should such practices be institutionalised into higher education programmes, who gains, and if so how?

The author presents/writes from perspective of an artist-organiser in the cultural field, who has adopted different approaches from network culture to temporary collaborative productions in Finland, Estonia, and Latvia.

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<http://journals.sfu.ca/affinities/index.php/affinities/issue/view/4/showToc>

Andrew Gryf Paterson
Piknik Frequency ry.
Aalto University School of Art and Design, Helsinki
Contact: agryfp@gmail.com

Cooperatives and Democracy in Scandinavia: past, present and future

Victor A. Pestoff

Abstract

Cooperatives are hybrid organizations that have multiple goals and values. They must balance the demands of several important social stakeholders, their members and staff, the market and the political system. This paper argues that they made a significant contribution to democracy in the past and can do so again in the future. It begins by discussing the traditional political science view on the role of associations as a school of democracy and the need to revise this view in light of major social changes. Then it explores briefly some major social and political changes that have impacted on the space for civil society and cooperatives in Scandinavia and elsewhere. It presents a dynamic model of cooperative development. It goes on to compare the impact of the amalgamation of the three established cooperative movements in Sweden – retail, agriculture and housing – during the formative years after W.W. II. Then it highlights the potential of cooperatives to renew themselves through intelligent design. Here economic democracy, multi-stakeholders and co-production become important tools and concepts. It maintains that democracy and the market could and should be more closely related. This would permit cooperatives to provide innovative solutions to social problems outside the traditional cooperative fields, in the form of cooperative social services.

Victor A. Pestoff is Professor Emeritus and Guest Professor at the Institute for Civil Society Studies at Ersta Sköndal University College in Stockholm, Sweden. His e-mail address is victor.pestoff@esh.se.

Co-operative solutions in the area of renewable energy – Evidence from Austria

Elisabeth Reiner, Dietmar Roessl & Daniela Weismeier-Sammer

Abstract

Background: Rising concerns over ecological sustainability and security of supply put the energy system under increasing pressure. This situation has brought forward the development of energy co-operatives as well as other forms of local or community-based ownership of renewable energy technologies. Typical ways of energy provision usually bear highly centralized energy infrastructures, whereas locally and co-operatively owned models can constitute a different model of energy provision and distribution (e.g. Olesen et al. 2004).

In public-citizen partnerships (Karner et al. 2010) local politicians and citizens try to adequately provide a public service, promoting a culture of self-help rather than a culture of dependency (Mayo 1997; Pestoff 2009). Citizen participation seems to be a fruitful approach not only for the provision of public services, but for the implementation of renewable energy in communities as well. And with its specific governance structures and commitment to self-help (Spear 2004) co-operatives represent a suitable form for promoting citizen participation (Somerville 2007; Lang/Roessl 2009).

Against this background, we pose the following research question: *How can organizations built on co-operative principles contribute to the diffusion of renewable energy in Austria?*

Method: Particularly with regard to existing research gaps regarding co-operative governance structures (Cornforth 2004; Spear et al. 2009) we chose a qualitative approach in order to gain insights (Stake 1995) into the structures of local energy co-operatives. Our case study is situated in the Austrian region of Vorarlberg. All interviews were conducted in May 2010, tape-recorded and transcribed afterwards, in order to have a solid database available for the following analysis. Data was then interpreted applying qualitative content analysis (Mayring 2008).

Results: Our case, the “V-Energie” was founded two years ago with the overall target to establish a platform for investors, activists and customers in Vorarlberg. The analysis of our case study allows for deeper insights into the following relevant aspects of co-operative energy production on local or community level:

- Determinants for the diffusion of renewable energy via energy co-operatives
- Actor roles
- Formation process
- Idiosyncrasies of the legal form “co-operative” with regard to renewable energy projects

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Authors:

Elisabeth Reiner, Mag.

Dietmar Roessler, Prof. Dr. (corresponding author: dietmar.roessler@wu.ac.at)

Daniela Weismeyer-Sammer, Mag.

WU, Vienna University of Economics and Business

RiCC – Research Institute for Co-operation and Co-operatives

Augasse 2-6, 1210 Vienna

Tel.: +43 1 31336-4332

BRITISH EMPIRE – THE FIRST GLOBAL CO-OPERATIVE DEVELOPMENT AGENCY

RITA RHODES Ph.D.

Abstract

Based on the book entitled *Empire and Co-operation* to be published shortly, the paper asserts that the British Empire was the first global Co-operative development agency, despite tensions between the ideologies of imperialism and Co-operation. From the early 20th century Co-operatives became part of the Empire's development strategies particularly in respect of economic and social development. Their versatility and universality made Co-operatives relevant to all parts of the Empire. By 1900 that covered almost a quarter of the world's land mass and governed a quarter of its population.

The paper traces two main types of Co-operative development between 1900 and the 1960s: the informal through British immigrants with previous knowledge and experience of Co-operatives, and the formal through the Empire's two major organs, the Colonial and Indian Civil Services.

It reveals a number of issues. One is Co-operatives' relations with the State. Because they emerged in all parts of the Empire they necessarily dealt with a variety of Governments. In largely self-governing white settler colonies, later Dominions, Co-operatives often formed spontaneously yet needed Governments to provide appropriate legislative and taxation frameworks. In British Colonies, Protectorates and Mandated Territories Co-operatives formed less spontaneously and required government promotion. Legislation in such territories was more prescriptive being based on needs anticipated and identified by Civil Servants.

Nevertheless such legislation showed close adherence to Co-operative Principles. It required Co-operative Registrars to ensure that Co-operatives applying for registration adhered to those Principles and continued to do so after registration. Such close identification encouraged links with the International Co-operative Alliance (ICA), an International Non-Governmental Organisation. This brings us to another issue namely relations between Governments involved in Co-operative developments and International Non-Governmental Organisations (INGOs) such as the ICA. The Alliance was already the custodian of Co-operative Principles. Its authority was strengthened when it reviewed Co-operative Principles in the 1930s and its Report became a benchmark for Colonial Co-operative Registrars. The ICA gained further stature when granted Grade A Consultative status with the United Nations in 1946. Another important International Non-Governmental Organisation was the Plunkett Foundation which under the influence of its founder, Sir Horace Plunkett (1854-1932), had been involved in imperial Co-operative development from the early 1920s. A significant Non-Governmental Organisation as distinct from an INGO was the UK Co-operative College. The British Colonial Office developed close relations with it in the later years of Empire when the College mounted courses for Co-operative officials in British dependent territories.

The paper also touches upon how far Co-operatives in British dependent territories assisted their moves towards national independence.

One conclusion the paper reached is that in promoting Co-operatives the British Empire is revealed not to have been wholly evil.

RITA RHODES Ph.D.

Visiting Research Associate, Co-operative Research Unit,
Open University, United Kingdom

Internalizing and Externalizing Benefits of Cooperative Housing: The Case of Cooperative Manufactured Home Parks in New Hampshire, USA

Dr. Jolan Rivera

Abstract

What can place-based communities do when their housing condition is threatened by a largely unregulated capitalist market? The story of cooperative manufactured home parks in the state of New Hampshire, United States of America is a case study on how cooperation, community engagement and shared ownership of an economic resource yield positive outcomes.

The paper summarizes the results of three related studies co-written by the author with two other researchers. It discusses the following:

1. the social and economic conditions that spurred the creation of cooperative manufactured home parks in New Hampshire,
2. the process of cooperation,
3. the important role played by a catalyst community development financial institution,
4. the social and economic benefits of cooperation (e.g., more affordable housing costs, resident control of decision-making processes, better housing condition, preservation of the availability of affordable housing, dispelling of myths regarding "trailer parks"), and
5. the acceptance of mainstream financial institutions (e.g., commercial banks) of cooperative manufactured home parks as a viable market for conventional financial services.

The positive outcomes of cooperation in establishing cooperative manufactured home parks contribute to the assertion that there are viable and alternative economic systems that parallel the conventional market-based economic system. It underscores the importance of people-centered actions to address issues of economic justice/equity, participation and sustainability in the context of access to, and preservation of, affordable housing.

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Author’s Name: Dr. Jolan Rivera (j.rivera@snhu.edu)

Organization: Community Economic Development (CED) Program, Southern New Hampshire University

Dimensions of leadership in customer-owned co-operatives

Rosas Saila, Jussila Iiro, Tuominen Pasi

Abstract

Leadership in business and industrial organizations has traditionally been seen as a symbol of power – that of the top-down approach so that the execution of organizational behavior is seen as influenced primarily by the chief executive (Kearins, 1996). Recently, the notion of shared leadership (i.e., a variety of people interactively involved in the process, sharing power, and taking a leadership role instead of a single individual) has challenged the traditional conceptions (Moxley, 2000). The main job of the administrator in shared leadership is to enhance the skills and knowledge of the people in the organization to create the collective result (Elmore, 2000).

To our knowledge, co-operative management literature has not followed the notions of shared leadership to advance theory on the topic. Recent research (e.g., Tuominen, Jussila, & Rantanen, 2010) does, however, suggest that crucial co-operative management skills relate to collective and participative decision-making. In this paper, we will fill the gap by investigating leadership of co-operatives from shared leadership perspective.

A starting point for our work is that traditional leadership discourses should not constrain our attempts to enrich the field. Given that discourses are ideologically laden (van Dijk, 1998), a critical analysis of framings is required. Thus, our paper starts by uncovering some of the assumptions underlying existing studies of leadership and the ideologies these studies reproduce. Another starting point is that in the processes of knowledge creation we should give voice to those who are viewed as the object of co-operative education. This will not only help enrich the field, but may have practical implications as well. Thus, we analyse the dimensions of leadership in co-operatives by giving a voice to top managers. To increase the relevance of our work, we make use of our data to advance knowledge on the required competences associated with the different dimensions of leadership (cf. Tuominen, et al., 2010).

Our research material consists of texts produced in twenty-four thematic interviews with top managers and managing directors in OP-Pohjola Banking Group. We analyse the managers' accounts to identify discourses and their connections (Alvesson & Karreman, 2000). The outcome of this process is the identification of two dimensions of shared leadership: 1) leadership in member community and 2) leadership in inter-organizational network, which require different competences. We conclude by specifying how our work complements existing research (e.g., Tuominen et al., 2010) and how it should be elaborated in future research. We also specify certain implications to the practise of leadership education of the purpose of co-operatives and discuss the reach of these implications.

Keywords: Shared leadership, co-operation, locality, regionality

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Authors: Rosas Saila, Jussila Iiro, Tuominen Pasi

Title: Dimensions of leadership in customer-owned co-operatives

Faculty: Lappeenranta University of Technology, LUT, School of Business

Major: Management and Organizations

Entrepreneurship education as a part of corporate responsibility

Case: Co-operative company S Group, Finland

Marja-Leena Ruostesaari, Eliisa Troberg, Jaana Seikkula-Leino

Abstract

This article aims at explicating the relationship between corporate social responsibility (hereafter CSR) and entrepreneurship education from the company point of view. Despite of the growing body of literature in the field of corporate responsibility as well as of entrepreneurship education, there is considerable uncertainty as to whether entrepreneurship education should be integrated into company responsibility. A lot of research activities concerning entrepreneurship education have been carried out from the school and pedagogic point of view, but our approach, which is from the company point of view, has been lacking.

Corporate responsibility consists of economical, social and environmental responsibility. The focus of our paper is on corporate social responsibility. The major research questions are: Is entrepreneurship education (hereafter EE) part of corporate responsibility? What is the contribution of CSR in entrepreneurship education? Does entrepreneurship education as a part of the stakeholder network and corporate social responsibility bring added value to the company? We have reviewed literature of corporate social responsibility and entrepreneurship education as well as reports of companies in order to find out whether the reports are indicating a connection between corporate social responsibility and entrepreneurship education or not.

Our research consists of four different forms of enterprises: listed companies, family firms, co-operatives and SME (small and medium) companies. The comparisons between the CSR reports indicated significant differences in responsibility programmes for young generation, education or schooling. In addition to that the findings suggest ways how entrepreneurship education will be beneficial to both business and educational society.

As an example of different approaches of corporate responsibility polices we analysed the Finnish co-operative company S Group.

Keywords: entrepreneurship education, entrepreneurship corporate responsibility, corporate social responsibility (CSR), stakeholder approach

Marja-Leena Ruostesaari, University of Turku, Department of, Teacher Education, Finland

Eliisa Troberg, University of Helsinki, Ruralia Institute, Finland

Jaana Seikkula-Leino, University of Turku, Technical University of Lappeenranta

INCLUSIVE GOVERNANCE SETTINGS: PROMOTING SATISFACTION BY ENABLING THE USE OF CREATIVITY•

Silvia Sacchetti, Ermanno Tortia

Abstract

We define the use of creativity as a property of decision-making processes, and hypothesize that access to decision-making, by allowing individuals to use their creativity, can increase individual satisfaction. Consequently levels of satisfaction can tell us, amongst other things, about how much the work environment supports the use of individual creativity. To test our hypothesis, we use survey data encompassing 4,134 salaried workers in 320 Italian social enterprises (specifically, cooperatives with social aims). Whilst popular wisdom uses to put creativity exclusively in the realm of innate, idiosyncratic features of the individual (NACCCE 1999) or as the outcome of serendipity, our results deliver a different picture. We implement latent regression analysis with factor-wise score regression. Factor-wise scoring is used to accomplish logit, OLS, and instrumental variable analysis. Results support the view that the use of creativity associated with diverse organizational processes generates different levels of satisfaction. In particular, elements defining the degree of involvement, the quality of relationships with managers and fairness of procedures emerge as preconditions for individuals to be satisfied with the use of creativity in strategic decisional contexts and to fulfill their personal job aspirations. Teamwork boosts instead the practical use of creativity in work-settings. Instrumental variable analysis does not contradict the existence of a causal relation between organizational processes and creativity.

Keywords: creativity, capabilities, routines, inclusive governance, motivations, satisfaction, social enterprises, work organization, teamwork, autonomy, interpersonal relations, fairness.

JEL classification: J24, J28, J54

Silvia Sacchetti

University of Stirling, SISM(Stirling Institute for Socio-Management)
silvia.sacchetti@stir.ac.uk

Ermanno Tortia

University of Trento, Department of Economics
ermanno.tortia@unitn.it

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Cooperation in the Time of Globalization : A Case Study of Grape-exporting Cooperative in India.

Dhanmanjiri Sathe

Abstract

Indian economy has a long history of cooperation and with in India, the state of Maharashtra is particularly known for its cooperative movement in the sugar sector. The growth of the sugar cooperative movement occurred in the 1950s and 1960s under the aegis of a planned economy with a lot of political support.

The focus of this paper is to examine the manner in which, if at all, the cooperative movement has adapted, reinvented itself as the economy has gotten more market-oriented since 1991. To that end, we have tried to do a case study of a grape-exporting cooperative called Mahagrapes, which has been in existence since 1991 and exporting mainly to the EU and Middle East economies. Located in progressive districts of Western Maharashtra, India, Mahagrapes is a cooperative of 16 small cooperative societies which have 2500 farmers as their members. We interviewed a small sample of the member- farmers, the office- bearers of the cooperative, the important political players in the area, related government officials etc. as part of our case study methodology and we also examined the balance sheet of the cooperative.

Our preliminary study of Mahagrapes showed that this cooperative can be called a success story (this finding can be corroborated by an IFPRI study). The exports which were Rs. 9 million in 1991 had increased by four times by 2007.

Thus in this project our aim has been

- i. to identify the reasons for the success.
- ii. to find out if this success is replicable.

Some of our preliminary results are as follows. We found that the cooperative was started on the twin principles of putting in place the correct institutional structure and using state of the art technology. The appropriate institutional structure was to first have 16 small cooperative societies, and then to make these societies members of Mahagrapes. The idea was to bring the farmers with small land-holdings in the mainstream of the market-related activities so that their incomes rise. The small farmers suffer from a handicap of size and hence cannot export any agri-product individually. But, it was felt by the founders of Mahagrapes, that if the small farmers could come together, they could have advantages arising out of scale. In any case, the cooperative culture was well- entrenched in these areas and the farmers enthusiastically supported the idea. Secondly, it was decided by the cooperative to go in for the state-of-the-art technology. Thus at its inception itself, the cooperative imported state-of-the-art technology from California, where the weather conditions are similar. Since then, the cooperative has continuously upgraded it self.

Our preliminary results show that the replicability of this cooperative is possible to a large extent.

Name of the author- Dhanmanjiri Sathe

**Name of Organization- Prof. and Head, Dept. of Economics, Ambedkar Bhavan,
University of Pune, Pune, INDIA.**

E mail dhan.sathe@gmail.com ; dsathe@unipune.ernet.in

INNOVATIVE APPROACH IN THE DEVELOPMENT OF THE CONSUMER CO-OPERATION FROM THE REPUBLIC OF MOLDOVA

Larisa Savga

Abstract

The Consumer Co-operation from Moldova during its existence for more than 140 years had a great impact on the socio-economic development of the Republic of Moldova, keeping intact its principles and values. Having the mission of satisfying the consuming and social needs, it unfolds its activities of trade, procurement and processing of agricultural products, rendering services, including educational and research ones.

The implementation during the last decades of free market relations based on competition was accompanied by a slow adjustment to the mechanisms and the dynamism of market economy and weak motivation of co-operative members and of employees in the consumer co-operation's development. The tendencies which were manifested in the co-operative sector during this period, initially marked by a decline (after 90-ies) and later by an economic increase during the last decade, as well as the impact of world's economic crisis on the development of consumer co-operation, confirms that the existent social-economic model of co-operative system from the country falls behind the requirements of modern economy. In such conditions, of a great importance becomes the necessity of an innovative economic model, based on diversity, innovation, co-operation which would accelerate the social-economic development of consumer co-operation.

This paper analyzes the constraint factors in the domain of consumer co-operation's development in the country (out of which in the first place is regulating the proprietorship's relations, rigidity of the form of co-operative organizing, limited access to investments), national legislation in the domain (which is appreciated as over restrictive and doesn't assure flexibility), European policies and experience in the domain of co-operation and is being argued the opportunity of more flexible application of the co-operative principles and organizing the co-operatives in an innovative way.

From this perspective, in order to assure the functioning of the co-operative system and its progress in the future, to prevent the internal crisis of the system, there are being proposed the suggestions concerning the modification of the legislative framework (first of all of the Law of Consumer Co-operation), management's optimization, reconsideration of proprietorship's relations, delimitation of economic and social functions in the activity of co-operative organizations, creation of favorable legal conditions for attracting internal and external investments, diversification of co-operative types, optimization and efficiency of the co-operative activities etc.

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*Professor, PhD, Larisa Savga,
Trade Co-operative University of Moldova
e-mail: lsavga@gmail.com, lsavga@uccm.md*

The experience and the opportunity of implementation of the research-based academic education in Trade Co-operative University of Moldova

Larisa Savga, Claudia Melinte

Abstract

The prospects for the evolution of the co-operative movement in the Republic of Moldova, just as of the co-operative system entirety, on bottom of slowdown in economic growth of the country, financial and economic crisis, remain in uncertainty and require a redefinition and a continuous readjustment of the imposed economic and social imperatives. The co-operative system of the Republic of Moldova in along the crisis period deposited a substantial effort to maintain its just and positive image.

The Trade Co-operative University of Moldova is fixed like one of fundamental objective to support the development of the co-operative movement in the Republic of Moldova by the means of the scientific research. One of the directions of our research is the perception of the mission and the image of the co-operatives by the Moldavian society.

The message and the image of the international co-operative movement show clearly social co-operative engagement, with the length of the years being created a favourable and positive perception of the co-operative in the Western society. The effect to cumulate and apply in Republic of Moldova the world experiment and the good practices in the activity of the co-operatives, apply an extremely rich pallet of the graphic signs to highlight the diversity of their centres of concern and strategic interests, will allow a synergistic effect of the effort of a whole world system co-operative in our local co-operative space.

Our communication will be focused on the results of this research to generalize the experiment, to raise the successes and the problems appeared in the same way at the stage of the integration of research in the process of the studies and with that of the implementation of the results in the activity of the co-operatives.

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Full titles and names of authors, organization and e-mail addresses:

Professor, Ph.D. Savga Larisa, Rector of Trade Co-operative University of Moldova,

e-mail: lsavga@yahoo.com

Dr. Melinte Claudia, Trade Co-operative University of Moldova, Chief of chair Economics & Management

e-mail: claudiabadarau@yahoo.fr

Globalization and tendencies of rural cooperatives in the State Rio Grande do Sul: The case of milk cooperatives.

José Odelso Schneider ¹ Lucas Henrique da Luz ²

Summary

The Informational capitalism, based on different organizational forms, made possible, through the new Technologies of communication, remarkable factors of the Era of Information, situates the globalized world in face of the phenomenon of polarization, with the formation of focuses on social exclusion. On the one side, there are the persons, subjects and organizations capable of connecting themselves to this information and of maintaining themselves in nets, and of developing and potentiating their capacities, competences at social and economic protagonism. On the other hand, there are those persons and collectives that are in locations, where this access is being made difficult, or even impossible, which unplugs them from the informational social net, putting them into a situation of intense social and economic problems. Here we perceive the polarization mentioned, where a part of the persons and organizations became all the time more subjects and protagonists, concentrating more power, more riches, and the other part becomes more excluded from the process, turning poorer in financial terms, those of social capital and of social protagonism. In the present essay we try to study the existence of alternatives this tendency or scenery, concentrating in the case of milk cooperatives of Rio Grande do Sul, able to provoke not only process of social inclusion, but also of qualified social inclusion, due to their potential of social capillarity with the micro and small rural, artisan or industrial associates. In the study we consider the peculiarity of this process of power and rent generation, of their organizational and labor philosophy, as well as of the conditions of follow-up and technical assistance with the associates, for their increasing qualification as producers, service providers, consumers and savers.

¹ Doctorate in Social Sciences, professor of sociology matters in the Universidade do Vale do Rio dos Sinos – UNISINOS /RS/BRAZIL, studying and working with cooperative processes.

² MS in Social Sciences, Dean of Business Courses at UNISINOS.

Have cooperative banks lost their soul? The “me-too” effect of regulation

A neo institutional analysis of the standardization process towards a “dominant shareholder model”: a Focus on the French case and a selected comparative approach

Andrée De Serres, Mireille Jaeger, Jean-Noël Ory

Abstract

Have cooperative banks lost their soul? This is what consumers might think in the wake of 20 years of regulatory herding to avoid systemic financial crises. This paper analyzes the process of institutional and organisational change in the French cooperative banks by examining closely the effect of standardisation and the phenomenon of homogenisation derived from the regulatory and institutional framework of governance. The dynamics of this change process is the core of our research, based on a constructivist and interpretive approach. We demonstrate that French cooperative banking groups, despite their social distinction and their specificities, tend to follow the profitability and productivity patterns, the management criteria and governance practice of common shareholder banks or joint-stock banking groups. It is the “me-too” effect of regulatory herding. This stems not only from external factors such as the regulatory, political and institutional pressure, but also from genuine internal push, the herding influence of the joint-stock best practice model. However, such practice does not necessarily suit the aim of the cooperative bank model.

We also point out that in France, cooperative banking groups have been hurt by the recent financial crisis, and sometimes even more than the joint-stock banking groups. A selected comparative approach verifies whether the increase in risk exposure has to be seen as a “French exception” arising from the hybridisation process, or if it has become a general trend extending to cooperative banks of other countries.

Finally, we question the relevance of such regulatory rationale that aims to reduce systemic risk, but which might just generate the opposite effect. Indeed, by standardising and setting a uniform process of management and governance practice, is it not encouraging greater vulnerability instead of strengthening stability through diversity amongst financial institutions?

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Andrée De Serres, Ph. D., Professor, ESG UQAM, GIREF, Canada
Mireille Jaeger, Ph.D., Professor, Nancy-University, CEREFIGE
Jean-Noel ORY, Ph.D., Associate Professor, Nancy-University, CEREFIGE

Corresponding author:

Jean-Noël ORY

Associate Professor in Management Science (Ph.D.)

Centre Européen Universitaire

15 Place Carnot

54 000 NANCY – France

e-mail : jean-noel.ory@univ-nancy2.fr

High-Trust Culture, the Decisive but Elusive Context of Shared Co-Operative Leaderships and Its Creation

Dr. Reuven Shapira

Abstract

'Trust is the result of 'right', 'just', and 'fair' behavior--that is, morally correct decisions and actions...--that recognize and protect the rights and interests of others...' (Hosmer 1995:399).

A major interest and prime right of co-operators, especially talented, educated, and/or expert ones, is that their voice be listened to by managers, having just and fair opportunities to contribute their faculties for problem-solving, decision-making, and innovating, independent of hierarchic position. However, managers' authority is legitimized by their supposedly superior capability for such contributions, and their position is assumed to be largely an outcome of proving capability. Therefore, though they have to encourage members' contributions to co-operative management, consider them justly and fairly and adopt plausible ones the majority endorse, structurally they are hindered from encouragement because if many such adoptions succeed, these may question their superior capability.

This conundrum was ignored by co-operative students but a few ethnographers have alluded to it (e.g., Dore 1973:Ch. 9; Shapira 2008:224-5), finding that in high-trust organizational cultures, superiors encourage subordinates' contributions because of commitment to the common good and because of being measured more by a successfully functioning unit they manage than by their personal contributions. Hence, the conundrum barely bothers them. However, though ample studies were devoted to organizational trust, only a few studied high-trust cultures. Moreover, as culture and trust are problematic terms with differing definitions, conflicting research findings helped missing high-trust cultures. Furthermore, only rarely longitudinal or ethnographic studies exposed the etiology of a culture's impact on the conundrum, while high-trust cultures has been elusive: rarely is an organization/unit culture identified as high-trust, as each managerial succession may change it into a low-trust culture or does the opposite change (e.g., Gouldner, 1954, and Guest, 1962, respectively). Secondly, within a large organization with low-trust culture, there may be some high-trust unit cultures or vice versa (Shapira, 2008).

However, as mostly leaders shape cultures, their study can overcome elusiveness by identifying the trust level they have created and how much they encourage or hinder members' contributions and thus, engender or suppress shared leadership. High-moral transformational servant leaders create high-trust cultures by involvement in the rank and file's communities of practice (Wenger, 1998), encouraging their contributions, and sharing leadership with them (Shapira, 2008). This however begs major questions: Which cultures, what career types, and which practices nurture and elevate such leaders? I analyze a case of kibbutz servant leaders who transformed low-trust into high-trust culture, exposing the context of leaders' nurture and elevation, and practices that helped it. Then I discuss lessons for other co-operative types.

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Making co-operators? Learning and teaching about co-operatives in the UK

Linda Shaw

Abstract

Co-operatives in the UK, as elsewhere, are undergoing a revival with the growth of new co-operative models in education, agriculture, sport and healthcare as well as renewal in the consumer sector. What role is co-operative education playing in this renaissance? Are we also seeing the emergence of new models of teaching and learning about co-operatives?

First reviewing the historical context, this paper presents interim findings from current research being carried out by the College into the scope and nature of co-operative education in the UK. We are taking a broad brush approach and looking at both formal and informal types of provision as well as a range of providers. What kinds of innovation are happening? Who are the main providers and what types of learner are they reaching? Some of the specific case studies discussed will include the growing UK co-operative school sector as well as new programmes for consumer co-operative directors. The paper will identify the key trends emerging from the research and reflect on some of the implications for further research and related policy development.

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Dr Linda Shaw
Vice principal - research and International
The Co-operative College, Manchester
Linda@co-op.ac.uk

Role and Potential of Co-operatives and Associations for Social and Economic Development in Rural Serbia

Richard Simmons

Abstract

This paper addresses the development of an innovative, integrated co-operative development model in Serbia. It is acknowledged that rural economies in Serbia are not performing to their potential, giving young people strong incentives to migrate to urban areas in search of a better income. Every year a large number of villages become technically moribund (zero population of child-bearing age). At the same time, local institutions such as schools, churches and cultural facilities are ebbing away, further undermining the social fabric and sustainability of rural communities. The proposed model challenges some of the established orthodoxies in local economic and social development, seeking to help local people living in rural areas in Serbia to develop their capabilities through self-help and mutual aid. In particular, it links the development of credit co-operatives to the productive capacity of the local economic system whilst also providing a resource mechanism for the achievement of social and environmental development goals within the rural communities.

The paper follows up on research conducted recently by the author with 240 existing co-operatives in Serbia, which shows considerable potential for co-operatives and associations to make a difference to rural communities' social and economic development. It presents the findings of this research as the background for subsequent work undertaken with a range of stakeholders in Serbia at all levels from government ministers to local communities. This work has allowed the more detailed elaboration of the proposed development model, as well as building support for an active development project in the country. There is growing agreement amongst the above stakeholders that, when linked to a clear vision of the opportunities in a particular territory, co-operatives could serve as an important engine for sustainable local economic and social development in Serbia. Given that such problems are not unique to Serbia, it is hoped that the proposed model may also provide transferable insights for the development of rural communities in other locations.

Author: Richard Simmons

University of Stirling, UK

Email Address: r.a.simmons@stir.ac.uk

Co-operatives and Policy Transfer

Richard Simmons

Abstract

Notions of policy transfer have been widely considered since the seminal work of Dolowitz and Marsh (1996), and a large literature has emerged studying cross-national policy movement. Here, a diffusion of ideas takes place that spurs policy learning and policy development in different times and/or spaces. However, a lack of clarity remains over the extent to which policy developments result from such a diffusion of ideas. This paper considers the applicability of the concept of policy transfer in relation to co-operatives. The presence of co-operatives across the world in many different countries and cultures suggests the successful 'globalisation of an idea'. Pioneers, such as those in Rochdale, are therefore credited with the growth of a movement. Yet it may be argued that co-operation and reciprocity are naturally-occurring phenomena, and at least as much a part of human nature as competition. The latter position would see the growth of co-operatives as the result of more local and organic processes.

Considering the patterns of development of co-operatives in different parts of the world, this paper discusses and problematises the historical role of potential diffusion mechanisms in the light of competition between concurrent ideas and policies in more economically-developed countries, and sometimes the coercive involvement of colonial/state authorities in less economically developed countries. The more recent period is then considered. Since the restatement at the global level of co-operative values and principles by the ICA in 1995, and ILO Recommendation 193 in 2001, it may be argued that people have started to rediscover the distinctive value that co-operative and mutual forms of organisation can provide. This has led to the review of member democracy, business procedures, community engagement and legal structures in numerous countries, and greater co-operation at the international level (for example North-South relationships between national co-operative movements). This paper presents an emerging theoretical perspective on the notion of a 'globalisation of the idea' of mutuality, and highlights the mechanisms by which policy transfer takes place through a number of illuminating case studies.

Author: Richard Simmons

Organisation: University of Stirling, UK
r.a.simmons@stir.ac.uk

The role of Law – The misuse of Israel's Mutual Societies law to justify racist behavior

Yifat Solel, L.L.b, L.L.m

The Van-Leer Institute, Jerusalem

Abstract

Can a Cooperatives Law force an enterprise to be values based one?

Legislators dealing with cooperatives legislation have been trying for decades to create a legal form, a legal mechanism, that would ensure the ethical behavior of cooperatives.

The Israeli Mutual Societies Ordinance was legislated in 1933, during the British Mandate on Palestine, and went through hardly any changes. The dominant connection between the state and cooperatives in Israel until the 1970's, left the legislation untouched which created no harm until The changes in ideological notions in the Israeli government since the 1980's.

On March 2011 – the Israeli parliament decided to adjust the ordinance – but instead of updating it, so there would be greater protection of cooperatives values – it brought into the legislation a paragraph that allows discrimination in acceptance to un-specified communal settlements – which would affect hundreds of villages and suburbs.

The new legislation is a result of a Supreme Court decision (Kadan, 2000) which invalidated a rejection made by an admission committee to a village/neighborhood, that was legally registered as a mutual society, of an Israeli Arab couple.

The Supreme Court stated that the admission committee's decision was based on an unlawful discrimination, due to the subjects' national origins, and obliged the mutual society to withdraw its denial.

The new legislation was brought in order to regain the mutual societies' right to discriminate: each communal settlement that is registered as a mutual society, and has up to 400 households, would be allowed to decline membership on basis of "cultural-social" suitability.

The article would examine the abilities and disadvantages of legislation and its roles as protector of values and/or as a legitimizing mechanism of injustice.

Co-operative Strategies and Globalisation

Roger Spear

Abstract

Globalisation has many features, but three in particular have important implications for co-operatives in the way in which they respond to the challenge of globalisation. Firstly the globalisation of financial markets which gives a competitive advantage to large multi-national corporations compared to co-operatives, due to the latter's more restricted access to such markets. Secondly the internationalisation of corporations through merger and acquisition activity, and the comparative disadvantage of co-operatives in this market for corporate control partly due to their financial and governance structures, and partly to their national orientation. Thirdly the liberalisation of national regulatory and institutional frameworks which have often supported or protected co-operatives' activities.

Conventional business globalisation strategies are examined drawing on several business theorists such as Porter (1990) who argued that it is 'advanced factors' of production that now give competitive advantage, such as:

- Human resources – especially managerial and technological skills.
- Physical resources – environmental quality, its natural resources or location.
- Knowledge resources – educational and research infrastructure.
- Capital resources – financial infrastructure e.g. for start-up and other risk capital.
- Infrastructure – transport system, communications, quality of life, and its health care facilities; technology can also radically improve infrastructure e.g. satellite telecommunications or mobile phones.

These factors are very varied but they can all give companies comparative advantages in some countries rather than others. But the structural ways in which these advantages are exploited typically involve organic growth, mergers and acquisitions, or strategic alliances. However the extent to which co-operatives can engage in global strategies may be limited due to factors inherent in their form, such as access to capital, their governance structures, their role in national/regional economies. These factors limit the strategic possibilities of co-operatives, leading to adaptations of the co-operative form, separation of economic and social aspects, as ways round the difficulties. However it is also possible to explore the development of alternatives which are compatible with the co-operative form and values. These alternative options include: federal structures, developing congruent business and membership activities, and exploiting the co-operative advantage. These strategic options are examined with reference to some historical cases in the co-operative sector.

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Roger Spear r.g.spear@open.ac.uk
 Co-operatives Research Unit, Open University, Milton Keynes, UK

New perspectives for consumer cooperatives in public services

Francesca Spinicci

Abstract

In the last two decades western economies have experienced a wave of deregulation and privatizations in welfare and public services. These institutional changes have raised a strong debate and sometimes fierce political opposition. An aspect that has generally been overlooked in both the scientific and political debate is the problem of firm ownership. As a matter of fact, the most debated issue is whether to privatize or not, and the nature of service providers in the case of privatization is rarely addressed on the implicit assumption that the for-profit firm is the only viable option. The paper brings to the fore another model, that of consumer cooperatives operating public services. This is a third class of actors, besides public and for-profit ones, which combine private entrepreneurial initiative and social goals and in a sense overtake the dilemma between public and private operation. At present such cooperatives are not much widespread and in most cases are confined to rural areas. Nowadays consumer cooperatives can play a new role in the restructured public utilities. A first task of the paper is to review the economic literature on the involvement of consumers in the operation of public utilities. Secondly, it provides a general overview of consumer cooperatives operating in public services in France, Great Britain, Spain, Germany, USA. As to Italy the paper reports new data on the diffusion of this organizational form and presents a few case studies. By the in-depth analysis of significant cases we attempt to highlight weaknesses and strengths of consumer cooperatives and the conditions which make them an effective alternative to public and private for-profit provision of public services.

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Francesca Spinicci

Organisation: University of Florence and EURICSE
Contact address: Department of Economics
University of Florence
Via delle Pandette, 9
ITALY-50127 Florence
Phone number: +39 055 4374554
Email address: francesca.spinicci@unifi.it

How to choose the organizational form that best suits your goals and limitations: Criteria to distinguish between a democratic employee-owned company and a co-operative.

Ryszard Stocki

Abstract

For many people co-operatives do not differ significantly from democratic, employee-owned companies. I try to prove that there is a fundamental difference. I start with an attempt to transfer Vroom's (Vroom and Jago, 1988; Vroom, 2000) model of leadership to the world of organizational and legal systems. In his highly researched model of group leadership Vroom distinguishes between 5 forms of participation of members of the team in the decisions: (i) individual decision without consultations, (ii) individual decision after individual consultations, (iii) individual decision after group consultations, (iv) group decision moderated by the leader, and finally (v) group decision not moderated by the leader. The choice of the most adequate method depends on 12 criteria. We may differentiate three categories of the criteria: those that depend on personal values like: (1) commitment to the topic, (2) trust in the leader, (3) personal development, (4) sharing the organizational goals; those that are rooted in organizational specifics and decisions like: (5) geographical dispersion, (6) information sharing (transparency), (7) likelihood of conflict over preferred solutions, (8) expertise of the decision makers, (9) expertise in group decision making; and finally those that refer to external conditions: (10) required decision quality, (11) time and (12) cost limitations. Then I would like to have a closer look at those criteria from philosophical point of view. By using Wojtyła's theory of participation (1979a, 1979b) I would like to view the personal values in the light of common good, self-determination and individual freedom and responsibility and show the organizational practices on the scale from totalism, through participation to individualism. Then I would like to analyse the freedom of the person within Mazur's autonomous systems theory (Mazur, 1966). This theory will be particularly helpful to view the external criteria. Mazur distinguishes 4 kinds of systems: organized systems, controllable systems, self-controllable systems and autonomous systems. If we divided the autonomous systems into those with individual and group control we will end up with the same forms of participation to those distinguished by Vroom. However application of system analysis makes the distinction clear and allows further analyses of the internal nature of organizations and their impact on people. I show how those 5 forms of participation result from the criteria. I end my presentation with two case studies comparing two organizations a democratic employee-owned company and a co-operative and their fundamental differences.

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Dr hab. Ryszard Stocki, prof. WSB-NLU
ryszard@stocki.org
Wyższa Szkoła Biznesu – National-Louis University
ul. Zielona 27
33-300 Nowy Sącz, Poland

Attitudes and behavior of dairy producers with respect to participation in cooperative management

John Sumelius, Liu Yu Xiang

Abstract

This study investigates what factors influence the members' motivation and participatory behavior in the management of cooperatives based on the theory of planned behavior. Data on the opinions of 200 Finnish dairy farmers were collected in May-June 2007 through an electronic survey with Finnish Valio Ltd cooperative members. The goal was to determine what factors influence members' motivation and behavior related to their active participation in management of cooperatives. Three factors that reveal motivation and willingness to participate in the management, namely by leaving the cooperative, or by not fulfilling their obligations (such as not providing milk to the cooperative dairy), or by actively taking part in management of the cooperative were studied. Correspondingly three forms of behavior, namely: attending meetings, voting, and communicating with leaders of the cooperative were analyzed. These six dependent variables were empirically explained by 43 independent variables relating to personal or family characteristics, members' attitudes, trust factors or members' needs using linear probability models and multinomial logit models.

The results show that equality and fairness in cooperatives can improve members' willingness and participatory behavior in cooperative management. Trust factors, especially trust in the cooperative and that manager are also crucial to members. Other factors affects their frequency of participation included the members level of education, debt of individual members, proportion of agricultural income of total annual income, frequency of communication with the cooperative leaders.

The results point out that management should pay enough attention to members' attitudes and needs, trust factors, training and competitive capability of the cooperative.

We make following recommendations for cooperatives. 1. Cooperatives should choose a respected manager for a cooperative because trust plays a crucial role in members' participation in cooperative management. 2 In order to provide more profits and retain more members, professional management is necessary. More investment in the human capital resources of the cooperative and in the training of members and potential leaders is needed. 3 Cooperative leaders should not ignore members' opinions, so communicating with members is useful for cooperative management. Fourthly, the financing of the cooperative is important. A lack of capital is a big problem for a cooperative; effective financing could solve this issue.

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Our paper is intended as part of the theme 3 "Shared leadership and member communities"

Full title and names:

John Holger Sumelius, Professor, Dr (Agricultural Economics),
University of Helsinki, Department of Economics and Management, Finland,
corresponding author John.sumelius@helsinki.fi

Liu Yu Xiang, Researcher, Dr,
Department of Travel and Exhibition Management, Henan University of Finance and
Economic, Department of Travel and Exhibition Management, Zhengzhou city, Henan
province, China
wpw666@126.com

Environmental items in the GRI –reporting enterprises’ audited financial disclosures: Annual numbers presented to members, shareholders or stakeholders for resource allocation decisions

Minna Suutari

Abstract

In this comparative content analysis study there were large multinational enterprises which were sustainability-conscious; already reporting voluntarily about their actions according to the Global Reporting Initiative (GRI) framework. The business lines were Food and Beverage, Chemical, Conglomerate and Retailer sector enterprises. These enterprises are among the enterprises which can be supposed to act in order to prevent unfavourable consequences of environmental events.

The aim was to explore to which extent the GRI -reporting enterprises at the highest application level A+ or B+ (GRI G3 Guidelines) valued and presented their environmental practices as disclosed items in their audited annual reports in the publishing year 2010. Food and Beverage, Chemical, Conglomerate and Retailer sectors are the enterprises to serve us daily consumer goods. The data included co-operative enterprises. The co-operative form arose historically as an answer to citizens to gain influence in their community and livelihood.

The findings were that although enterprises were voluntarily widely reporting about their environmental practices and future scenarios there were only few enterprises which showed extensively environmental details in their audited financial statements. The aspects of ethical consumerism or ethical production issues were discussed and details offered but less frequently in the parts of audited mandatory financial statements. The co-operatives’ reporting did not differentiate considerably from the other enterprises, although democratic decision making and participation emphasis could be seen in the co-operative enterprises’ other parts of reporting. The environmental items seemed not yet to be considered always substantial enough for material financial reporting as a basis for members’, shareholders’ or other stakeholders’ resource allocation or financial position decisions.

Keywords: environmental, financial reporting, GRI, multinationals, co-operatives, sustainable development.

Minna Suutari

PhD Student

Department of Accounting and Finance

Aalto University School of Economics

E-mail: Minna.Suutari@aalto.fi

The importance of statistical data on agricultural co-operatives

M. Synhaeve and dr. R.P. Muradian Sarache

Abstract

As an attendant at the International Co-operative Alliance Conference in Lyon (September 2010), it was interesting to notice that hardly any of the papers presented at the conference conducted quantitative data analysis. If we want to address the importance of co-operatives in a global context, we need to know, for example, how many people are involved in co-operative organizations. Once this basic statistical information is gathered, it might give us the possibility to compare countries over time and we might be able to find out which external factors are crucial in explaining the differences in the degree of affiliation to co-operatives between countries. Up to now, such database does not exist yet.

The original objective of the research was to find out what factors explain the differences between countries in the degree of affiliation to agricultural co-operatives. The first step, and arguably the most difficult one, is to find out how many farmers are actually members of agricultural co-operatives in different countries. In order to answer this question, the main umbrella organizations were contacted: International Co-operative Alliance (ICA), European Agricultural Union and General Confederation of Agricultural Cooperatives (COPA-COGECA), and former International Federation of Agricultural Producers (IFAP). Via Campesina was contacted as well, although this is not a federation. Finding the information on membership of agricultural co-operatives was more difficult than we expected in advance: ICA has a list of the biggest co-operatives and their members, called the Global and Developing 300 database, but cannot provide a list with how many farmers are actually members of co-operatives. IFAP did not know how many people they actually represented and Via Campesina has limited information concerning membership of co-operatives in different countries. COPA-COGECA provides in its annual report an incomplete overview of the information they have on membership of agricultural co-operatives in Europe.

Due to this lack of information currently available, we changed the research objective and decided to focus solely on the set up of an international database about membership of agricultural co-operatives in European countries and to formulate recommendations for expanding the database in the future. Currently, information on following countries is available: Belgium, Czech Republic, Finland, France, Ireland, Latvia and Malta. In the following weeks, more information should become available. This information is gathered through the organizations mentioned before and through an extensive review of the literature.

The presentation will consist of three sections: The first section will be about the importance of an international database consisting of statistical information on membership to agricultural co-operatives. Secondly, there will be an overview of the collected data and its limitations. The third section will consist of recommendations for expanding the database in the future. 2012 will be the United Nations international year of co-operatives, which might be a great opportunity to include a more quantitative analytical approach towards co-operatives: If we know how many people we are talking about, we will be stronger in stressing the importance of co-operatives worldwide.

This research was supervised by dr. R.P. Muradian Sarache.

Marijke Synhaeve
Honours student Cultural anthropology and Development sociology
Radboud University Nijmegen, the Netherlands
marijke.synhaeve@student.ru.nl

Dr. Roldan Muradian Sarache
Researcher Centre for International Development Issues
Radboud University Nijmegen, the Netherlands
r.muradian@maw.ru.nl

The cooperative society as a form of business in a country's economic model

Paul Tammert

Abstract

This article is a discussion on the subject: free market economy and the role of the cooperative form of enterprise therein. The United Nations has proclaimed the year 2012 as the international year of cooperatives (United... 2011). Estonia's current reality is that this form of business is unknown among the population and entrepreneurs; moreover, the laws provided for this form of business activity are discriminatory and partially in conflict with EU directives. This article aims at clarifying the role of the cooperative form of enterprise in the economy and opening a discussion on the issue of whether cooperative societies have a place in the Estonian economy.

Keywords: Co-operatives, market economy, economic regulations, social order.

JEL Classification: A 10; H 11; P 20; M 20.

Paul Tammert, MSc
Estonian Academy of Security Sciences

“Main Directions of Cooperative Development in Russia”

Elizaveta Tarasova

Abstract

The development of cooperatives is very important for increasing the incomes of rural population and improving economic development of rural territories in order to fill in the lost niche of collective agricultural organizations, which used to be main employers of rural population.

Cooperation in Russia is represented by different types of cooperatives. According to some estimations association of production cooperatives unites more than 15,000 cooperatives, association of agricultural cooperatives – more than 21,000, agricultural consumer cooperatives – 6,049 of which 1,515 – credit, 1,043 – processing, 3,491 – supply and marketing).

Consumer cooperation unites about 3,000 primary cooperative societies (district and rural), 135 district and 76 regional (oblast, krai, republican) unions of consumer societies.

Russia has more than 20 associations of credit cooperatives and in 34 regions of Russia there function credit cooperatives of secondary and regional levels. The Guild of People’s Cooperatives is also developing at a high rate, which represents the interests of housing cooperatives uniting 70 consumer mortgage cooperatives from more than 60 regions of Russia. Almost 60m. people are involved in garden and vegetable growing cooperatives; in general about 25% of the working-age population of the country are actively participating in cooperative movement.

To improve social and economic efficiency of Russian cooperatives it is necessary to solve the following global tasks:

- enhance legislative environment for cooperative activities;
- unite different types of cooperatives;
- train personnel for all types of cooperatives;
- develop international cooperation with cooperatives of other countries and with Cooperative branch of the International Labor Organization.

At present legal regulation of cooperative activities in Russia is based on the RF Constitution, RF Civil Code, federal laws and other normative legal acts of federal and regional levels.

Legislative basis for different types of cooperatives was developed in different periods under the influence of political situation in the society at the given time. The analysis of laws regulating organizational and economic foundations of cooperative organizations shows that they don’t contain sufficient set of provisions securing and stimulating the development of cooperatives.

As for the second important problem – integration of different types of cooperatives – this function was supposed to be carried out by the Association of Cooperative Organizations (ACO). In 1998, ACO united then existing cooperative unions, associations and partnerships in a single all-national organization, but it didn’t manage to realize this function of coordinating the activities of different types of cooperatives to a full extent.

Created at the initiative of the Federation Council Not-for-Profit Partnership for the development of cooperatives Cooperative Commonwealth and the journal Cooperative Herald were also supposed to disseminate cooperative principles, achievements of agricultural, production, consumer, credit and other types of cooperatives.

2007 saw the foundation of International Academy of Cooperation, which also sees its main goal in consolidating scientific and technological, intellectual, production and personnel potential of different types of cooperatives in order to meet social and material needs of people.

It is necessary of organize personnel training for different types of cooperatives. A special attention should be given to research in the field of theory and practice of cooperation.

It is important to study the history of foundation, development of different types of cooperatives in Russia as well as foreign experience. It would make it possible to reveal positive experience, find out common points of their activities.

Solution of the mentioned urgent problems would provide for the development of international cooperative movement.

Ph.D. in Economics, Professor, Vice-Rector for Research, Elizaveta Tarasova, Belgorod University of Consumer Cooperatives, Russia, e-mail: common@bupk.ru

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Co-operatives as an option to promote sustainable agricultural systems in a changing climate

- a case study on Amhara National Regional State (ANRS) in north-west regions of Ethiopia

Shimelles Tenaw

Abstract

The overall threat of climate change and global warming has become detrimental to agriculture which is the main means of livelihood for the vast majority of the people in sub-Saharan Africa thereby increasing the hazard of food security in recent years. Findings of the Intergovernmental Panel for Climate Change (IPCC) predict that climate change will have severe effects on food security, environmental sensibility and equity, possibly increasing the number of hungry people from 100 million to 380 million by 2080 affecting the lives of a great number of people in sub-Saharan Africa. This holds true also in the case of the Amhara National State (ANRS) in north-west regions of Ethiopia, where problems related with the impacts of increasing poverty, food insecurity and environmental degradation have been identified as the key problems.

Co-operatives have a significant role to play in challenging climate change at the local level in sub-Saharan Africa, where the challenge of climate change is enormous. Especially as for the farmers co-operatives can help in addressing the increasing production challenges and providing greater stability of the farming sector while respecting environmental resources.

A research project entitled, "Sustainable Rural Development with Emphasis on Agriculture and Food Security within the Climate Change Setting (SARD-Climate) was carried out at the Department of Economics and Management in the University of Helsinki during 2009 – 2010. The research which focussed on a wide range of topics and countries mainly within the area of the impact of climate change on sustainable agriculture and food security also involved the Amhara National Regional State (ANRS) in north-west regions of Ethiopia.

The basic purpose of this paper is to present the co-operative response to climate change, food security and sustainable agriculture at the local level in the Amhara Regional State (ANRS) in north-west regions of Ethiopia, where there are tremendous community rooted informal types of multi-purpose co-operative societies.

Key words: Ethiopia, Amhara National Regional State (ANRS), co-operative, informal co-operative, agriculture, food security, climate change

“Training Professionals for Cooperatives”

Vitaly Teplov

Abstract

In the developed and developing countries cooperatives provide for the livelihoods of more than 3 billion people. At present Russian cooperative movement is represented by a considerable number of cooperatives of different types. Approximately 25% of the working-age population is participating in different types and forms of cooperative movement. All these cooperatives need qualified professionals.

The development of Russian cooperatives was going in such a way that at present not a single union of cooperatives except for consumer cooperatives possesses educational institutions of its own and is not able to independently organize personnel training. The system of cooperative education in Russia includes three cooperative higher educational institutions, educational institutions of initial and secondary vocational training, among which there are 51 junior technical schools, 4 colleges, and 2 trade schools.

Belgorod University of Consumer Cooperatives takes an active part in personnel training for cooperatives. The system of consumer cooperation is no longer capable of providing jobs for graduates of cooperative educational institutions as the number of cooperatives and their employees are annually decreasing. As a result the share of youth in consumer cooperatives is less than 20%. The situation is aggravated by the fact that due to the changes in tax legislation consumer cooperatives have to form the fund of personnel training only from the profit, but in the absence of the latter they can't finance personnel training.

At present even agricultural higher educational institutions the closest to cooperation do not have cooperative subjects. Alongside with this, agricultural, production, and consumer cooperatives taking into account their quantitative and qualitative development in the frameworks of the national program of agricultural development badly lack broad profile professionals.

Cooperative sector of the economy in order to solve the problem of personnel training needs support from the structures interested in it. The forms of training and further training of personnel for cooperatives can be different: from short-term courses, thematic seminars, conferences etc. to training of workers of mass trades including on site, and professionals with higher and secondary professional education.

Nowadays we need to train professionals for agricultural, credit, insurance, housing, construction, and consumer cooperatives depending on the real interest of the corresponding cooperatives in their personnel training.

Cooperative educational institutions will have to carry on thorough study of the potential labor market, needs of different types of cooperatives in personnel, development of curricula and methodological support of educational process.

A special role for the cooperative sector of the economy can be played by research carried out by highly qualified teaching staff of cooperative training institutions. At present the said research is carried out only for consumer cooperatives. Research potential at these institutions is far from being exploited to the capacity whereas it can be used for scientific support of the concrete applied problems of the development of cooperatives of other types.

Cooperative training institutions can also take an active part in the education of the broader population, starting from schools on cooperative principles, advantages of cooperatives in such spheres as provision of services, home building, mutual insurance etc.

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„The MemberValue as an explanatory model for success of financial co-operatives – results of an explorative preliminary study“

Michael Tschöpel

Abstract:

A considerable part of banking institutions is currently dealing with strategic adjustment processes. This is a result of effects of the financial market crisis and existing market conditions of the financial services sector. As a core objective, the corporate policy of those institutions has to secure long-term economic viability and competitiveness.

In case of the German co-operative banks, the governance structure of the Cooperative Financial Network enables its decentralised units to implement individual strategic alignments as a result of their economic independency. In this context, a diversity of strategic alignments of co-operative banks is observable in practical application.

In relation to the increased communication by national and regional co-operative associations, the membership-based strategy is used as such a strategic alignment more intensively. Because of the membership as strategic vehicle, financial co-operatives are able to communicate and to reinforce elements of stable relations between members and their co-operatives (e.g. trust, authenticity and control). As a core element of the corporate governance, the membership-orientated strategy is a theoretical differentiation attribute for financial co-operatives. Based on this argumentation, the orientation on membership should be the primary strategic focus on adjustment processes by co-operative banks.

Because of its strategic potential as a distinctive feature, the orientation on membership has to be translated into an integrated strategy for each co-operative bank individually. This requires an adequate controlling instrument for validation in addition to planning and realisation. It should be possible for co-operative banks to validate the effects and economic efficiency of such a strategy for their primary stakeholders, the co-operative members. This allows conformity with primary co-operative objectives and may help to ensure economic viability.

According to this practical and theoretical problem, the article should clarify the question, in which way the MemberValue-strategy by THEURL – as a consistent management approach for the membership-orientated strategy – has to be adapted for practical application. It has to be clarified, in which way the MemberValue of co-operative banks could be operationalised.

For this reason, an explorative preliminary study was evaluated. Due to this preliminary study, eleven board members and also eleven members of financial co-operatives were questioned about impact factors and current conditions of the MemberValue-strategy as part of qualitative interviews. As a result, an explanatory model can be decidedly presented. It contains not just material or monetary components but also immaterial values, for example sustainability, stability and progressiveness, as core factors of co-operative success. This explanatory model may help to establish controlling processes for the co-operative management and to validate the primary co-operative object, the economic support of their members.

The article “The MemberValue as an explanatory model for success of financial co-operatives – results of an explorative preliminary study” corresponds to the first focal theme “Co-operative diversity and different types of success”, especially to the track “Viability and performance of financial co-operatives“. The aim of this article contributes to the discussion of adequate measurement instruments for co-operative performance. It should be outlined that the MemberValue-strategy is not just a legal constraint and element of the corporate governance of co-operatives but also a fundamental factor of the co-operative success.

Diplom-Kaufmann
Michael Tschöpel
Research associate

Institut für Genossenschaftswesen in the
Center of Applied Economic Research
University of Münster (WWU)
Am Stadtgraben 9
48143 Münster
Germany

Tel.: +49 (0) 251 - 83 22 807
Fax.: +49 (0) 251 - 83 22 804
E-Mail: michael.tschoepel@ifg-muenster.de
www.ifg-muenster.de

The Rise, Fall & Rise Again of British Co-operation? The English Co-operative Wholesale Society and the Co-operative Group, 1863-2013

Tony Webster, John Wilson & Rachael Vorberg-Rugh

Abstract

At Co-operatives 2010 Philip Blond, the fast-rising Conservative intellectual, called upon the British co-operative movement to move into the vacuum created by the retreat of the British state, as it was reduced by massive public spending cuts. His address marked a stunning reversal of the suspicion or indifference with which most Conservatives have traditionally regarded the British co-operative movement. This change of heart, partly a reaction to the crisis in investor-led capitalism in 2007/8, also recognises that since the 1990s British co-operative enterprise, most notably through the Co-operative Group, has reversed decades of decline. This paper charts and explains the changing fortunes of British co-operation, focussing particularly upon the English Co-operative Wholesale Society (renamed the Co-operative Group in 2001). It will explore the organization's structure and strategies, as it adapted to rapid changes and fierce competition in the retail business environment – with varying degrees of success. Comparisons will be drawn between the evolution of British co-operative business and that of neighbouring European countries, noting the interchange of ideas between co-operatives in different national contexts. As such, the ways in which knowledge of domestic and foreign initiatives shaped British co-operative strategy will be explored.

The paper draws upon the work of an ongoing business history project into the history of the British Co-operative Group being undertaken by Dr Tony Webster of Liverpool John Moores University, and Professor John Wilson and Rachael Vorberg-Rugh of the University of Liverpool. The project is being supported by the Co-operative Group and the Co-operative College, and a book is planned in 2013.

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Tony Webster (Liverpool John Moores University)

John Wilson & Rachael Vorberg-Rugh (University of Liverpool)

Is Cordial Relationship between Cooperatives and Micro finance an Effective Strategy to Reach Millennium Development Goals? Experience from India

Dr.X.L.X.Wilson*

Abstract

The central theme of the Millennium Development Goals (MDG) is reduction of poverty in all its form. The information, resources, skills and technology base of the poor are very weak and the scales of their operation, irrespective of the economic activity pursued by them are, therefore small. Their credit needs arise due to growing family size and societal obligations. people have been lending and borrowing small sums of money since time immemorial. In late 19th century microfinance, as we perceive it today, had gained global attention due to the banking with the poor that was pioneered in Germany by Raiffeisen and Schulze-Delitsch. Many other countries then tried to replicate the 'Peoples bank' approach of the German pioneers to poverty alleviation, including India. The year 1904 gave birth to the cooperative credit movement in India. Cooperatives got important place in 'Microfinance' because it is based on the principles of mutual cooperation, increasing community welfare and voluntary membership.

Unlike many countries which have implemented Self-Help Groups (SHG) after the mid -70s, as a part of the formal credit delivery system. India has been experimenting since 1960s with very flexible systems, giving a lot of freedom to the Nongovernmental Organizations (NGOs) to setup SHGs based on various models. SHGs have been beneficial to its members giving them access to timely credit in the form of Microfinance that is less costly than credit from all formal or informal sources.

In India, National Bank for Agricultural and Rural Development (NABARD) is the Apex financing institution which providing finance to cooperative institutions, Regional Rural Banks and Commercial banks. Now, how cooperative institution maintains relationship with microfinance? Who are all beneficiaries? What are the strategies are available to strengthen the relationship between cooperatives and Microfinance in India? How microfinance and cooperatives will lay road to achieve the MDG? are discussed in this paper.

*Assistant Professor, Postgraduate and Research Department of Cooperation, Sri Ramakrishna Mission Vidyalaya College of Arts and Science, Coimbatore, INDIA email:wilsonxavier7@gmail.com

Satellite Accounts for Cooperative economy of the Republic of Serbia, 2009 – New Approach for Measuring Cooperative Economy Success*

Dragan Vukmirović, PhD¹, Rade Ćirić, MSc², Andra Milojić, MSc³,
Mirjana Smolčić⁴, Suzana Karamarković⁵, Marina Pavlović⁶, Vesna Simonović⁷

Abstract

Significant problems the cooperative economy faces in are lack of institutional visibility and insufficient information about their economic significance. Regarding this, satellite accounts are recommended as a complementary tool to the standard indicators of cooperative economy success. Their great importance is derived from the fact that they represent a consistent set of indicators that provide a detailed picture of specific parts of the economy (including cooperative economy). Moreover, they are based on the internationally adopted definitions, concepts, classifications and accounting rules which ensure their world wide comparability. They evaluate cooperative economy in terms of contribution to GDP, operating surplus, investments, employment etc. Also, satellite accounts could be compiled for the activity that cooperatives belong and in this way can determine contribution of each activity to total cooperative economy as well as contribution to overall economy.

The objective of this paper is to concisely present the basic principles and methods for compiling satellite accounts, as well as their practical application in producing satellite accounts for cooperative economy in the Republic of Serbia. The general methodological framework is defined in the publication of the European Commission and CIRIEC "Manual for Drawing up the Satellite Accounts of Companies in the Social Economy: Co-operatives and Mutual Societies". In addition, this paper also includes the analysis of business turnover, net profit and other monetary and non-monetary indicators of the cooperative economy in Serbia.

Satellite accounts tables for cooperative economy in Serbia shows that one of the most important indicators, gross value added (GVA), continuously decreased in the period 2007-2009. The contribution of cooperative economy to total economy also decreased and in 2009 was only 0.18%. Regarding industries, the highest contribution to the GVA of the cooperative sector had the cooperatives that operated in agriculture – 81.5%. The aggregated figures for cooperative economy in Serbia reflect long period of institutional negligence and negative effects of transitional restructuring of the Serbian economy on cooperative business.

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1 Statistical Office of the Republic of Serbia (SORS), Director, dragan.vukmirovic@stat.gov.rs

2 SORS, Adviser in National Accounts Department, rade.ciric@stat.gov.rs

3 SORS, Assistant Director, andra.milojic@stat.gov.rs

4 SORS, Senior Adviser in National Accounts Department, mirjana.smolcic@stat.gov.rs

5 SORS, Senior Adviser in National Accounts Department, suzana.karamarkovic@stat.gov.rs

6 SORS, Senior Adviser in National Accounts Department, marina.pavlovic@stat.gov.rs

7 SORS, Senior Adviser in National Accounts Department, vesna.simonovic@stat.gov.rs

Chinese Small Farmers' Entry into Big Markets: From Led by Leading Enterprises to Relying on Farmer Cooperatives

Xuchu XU, Ke SHAO, Qiao LIANG, Hongdong GUO, Zuhui HUANG

Abstract

Over the past 30 years, the reform in China on the one hand has pushed forward the integral development of economic society and opened up the agriculture modernization, whereas on the other hand brought small farmers who obtained independent production and operation rights during the reform to face the pressure of market competition. As a pioneer in agriculture industrialization in China, the "IOF + farmers" mode or the leading enterprises -led mode has some limitations in terms of contract instability and inability in ensuring farmers' rights and interests. At the same time, cooperative organizations exploited by small farmers in China were legally accepted and supported by government in 2007 and began to develop at full speed. In the foreseeable future, the leading enterprises-led mode will persist as a key contract form in agriculture industrialization, whereas farmer cooperatives are going to play a more and more important role.

Key words: China; Agriculture industrialization; Small farmers; Leading enterprises; Farmer cooperatives

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Xuchu XU

Full professor

China Academy for Rural Development (CARD), Zhejiang University, China. & Hangzhou Dianzi University, China.

888xxx@163.com

Ke SHAO

PhD candidate

China Academy for Rural Development (CARD), Zhejiang University, China

Shaoke2049@163.com

Qiao LIANG

Phd candidate

China Academy for Rural Development (CARD), Zhejiang University, China

Liangqiao2323@126.com

Hongdong GUO

Full professor

China Academy for Rural Development (CARD), Zhejiang University, China

guohongdong@zju.edu.cn

Zuhui HUANG (Corresponding Author)

Full professor

China Academy for Rural Development (CARD), Zhejiang University, China

Postal Address: Room No.215, CARD Builiding, Huajiachi Campus, Zhejiang University, Kaixuan Road 268, 310029, Hangzhou, China.

Tel: +86-571-86971857

Fax: +86-571-86971646

E-mail: zhhuang@zju.edu.cn

What motivates consumers and producers to cooperate in one organization? :

The case of the Korean Consumer Co-operative iCOOP

Chanhee YEOM, Hyojin SHIN

Abstract

Like many countries the world over, South-Korea, a small country located in East Asia, has consumer co-operatives. There are 4 consumer co-op groups in South-Korea: Dure, Hansalim, Womenlink Consumers Co-operative, and iCOOP KOREA.

This paper focuses on iCOOP KOREA because of its peculiar structure. That it has consumer and producer members is rather eye-catching. This paper considers it a new species of member-owned businesses.

According to Birchall(2010), multi-stakeholder-owned businesses are quite rare. He introduces two exceptional cases of the Eroski retail co-op in Spain and social co-ops in Italy. He quotes the reason of rareness from Hansmann(1996) as follows: "because in taking such different interest groups into membership they increase the costs of governance."

However, even though two different interest groups were offered membership into the coop, iCOOP KOREA has performed powerfully after establishment. So the iCOOP

consumer co-operatives movement organization has a distinctive group structure of two wings. One wing is composed of a producer's group and the other wing, consumer members.

As of December in 2009, iCOOP KOREA has grown to an organization with 75 participating local co-ops and over 56,100 consumer members. There have been approximately 3,000 producer members in iCOOP KOREA since 1998. The contribution of around 184 million USD and 78,593 members are convincing records that show that producers and consumers do band together, especially when times are hard for all members. These records are the highest in revenue among South Korea's 4 consumer co-op groups introduced above, almost doubling those of other consumer co-op groups. In particular, iCOOP KOREA succeeded in the 2009 Campaign for increasing its share capital of 70,000 members. Over 90% of all members participated in that capital increase. This means that members' involvement grew as well as business outcome.

This paper has three questions: First, what motivates consumers and producers to cooperate in one organization? Second, why did iCOOP KOREA ask consumers and producers to work together although there have always been lots of conflicts of interest between the two different stakeholders? Third, how could iCOOP KOREA, a kind of multi-stakeholder-owned business, succeed in both business outcome and members' involvement?

This paper will analyze the Korean historical context to examine the business management of the iCOOP KOREA organization.

As mentioned above, Hansmann argued that taking different interest groups into membership increase the costs of governance. But, for iCOOP KOREA, working together seems to have led to greater success, whether the costs of governance are higher or not. Why? This paper aims to explain these reasons.

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Authors:

ChanHee YEOM(Researcher, the iCOOP KOREA institute, chyom@hanmail.net),
HyoJin SHIN(Co-researcher, the iCOOP KOREA institute, mondayi@naver.com)

From Mutual-aid to Mutual-benefit: Farmers' Cooperative Development in China

YUAN peng

Abstract

The farmer cooperatives have been growing rapidly since the Law of Farmers Professional Cooperatives promulgated in Oct.2006. According to the national latest statistics, the number of farmers cooperatives registered has reached 350,000 by the end of 2010, which covered 10% of farmer households. However, the founders of farmer cooperatives are seldom small producer farmers. Many of them are typically the dealers, the processors, or service providers (such as agricultural technicians, farm-machine drivers, and scaled-farm producers, or even village leaders,). As a result of that, there's an inner interest conflicts in its membership. The paper would describe the specific features of the membership in Chinese farmer cooperatives firstly and give a deep exploration on its heterogeneous secondly, and then explain the phenomenon through setting up a theoretical framework, and analyze its challenges to the ICA's cooperative principles. The conclusion and implication for the other transitional countries would be made finally.

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Author: Prof. YUAN peng,
Org: Rural Development Institute, Chinese Academy of Social Sciences.
Address: 5 Jianguomennei Avenue, Beijing 100732, China
Email: yuanp@cass.org.cn.yuanpeng008@yahoo.com.cn

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