

Topic: Challenges and Strategies for public awareness raising about the identity of the cooperative enterprise model

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Introduction:

This is an opinion piece on public awareness raising about the identity of the co-operative enterprise model. This paper is not based on research specifically targeted at addressing the question of challenges and strategies to respond to a perceived lack of awareness. Instead, it draws on some recent, related data and research along with my own views on how we might approach public awareness raising that results in better informed members, employees, directors, and ultimately a more robust co-operative sector.

Those deeply engaged in the co-operative sector (or movement if you prefer) are well aware of the identity of the co-operative enterprise model and believe in co-operatives as a superior business model that maximizes member and community benefit in a democratic structure that is people-centred. With democratic ownership and control as a central tenant of co-operatives, they are the obvious vehicle for achieving collective wellbeing while combating the concentration of wealth and power in society. Co-operatives achieve meaningful social, environmental, and economic impact.

Based on data outlined in this paper, the public (in Canada and the United States at least) states a preference for the co-operative approach to business. Public awareness levels are quite high (in Canada) based on survey data, but low in terms of specific features (in the United States) when asked to verbally describe what a co-operative is.¹ Furthermore, overall penetration of co-operative enterprises in the economy is low.

While I acknowledge my bias as being North American, I hope that concepts contained in this paper apply to other regions of the world. As requested for this United Nations expert group meeting, this paper focuses on **public awareness raising about the identity of the cooperative enterprise model**. This is quite specific as it focuses in on the business model, not a generic or general awareness of the co-operative model.

Sticking to this focus on public awareness and this co-operative business model, I start by contextualizing the challenges and then outline responses tied to two international co-operative principles: principle 5 (education, training, and information) and principle 3 (member economic participation).

Challenges:

Widespread public awareness of the *co-operative enterprise model* may not be achievable and may not be a sensible yardstick by which to measure success. Why do we expect the public to understand what a co-operative is in terms of the *enterprise model*? I feel that the average citizen does not understand the inner workings of the market economy that dominates economic activity in many of our countries and does not give much consideration to the most powerful enterprise model - the publically traded corporation. If the public is not fixated on the pervasive enterprise model, why would we expect them to think about other

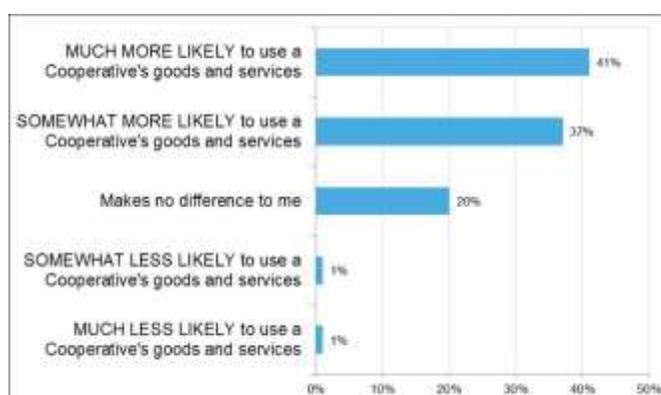
¹ Sources of information are described in more detail within the body of this paper – Abacus and IPSOS Reid studies (Canada) and Luminosity study (United States).

models: employee owned business, family business, or any other form of enterprise, including the co-operative model? Why do we expect there to be “public awareness of the identity of the co-operative enterprise model”? Or, at the very least, what do we mean by this statement?

When looking at survey data, it is not obvious that public awareness is a problem. According to a national survey conducted in 2012, 83% of Canadians would choose a business described as local with member-owner profit sharing (i.e. describing, but not naming it a co-operative) over a national chain store, and there was an impression that co-operatives support community values and local economies, treat their employees better than other businesses, are more likely to sell locally-produced products, and are more likely to have environmentally sustainable practices.² In further support of these findings, in a recent US nation-wide survey of 1500 respondents, awareness of co-operatives was measured in response to the following definition:

“It might surprise you to know just how much cooperatives influence the lives of millions each and every day. People just like you. Cooperative members are essentially local business owners who have made an active choice to positively influence the lives of the people in their community. They do this in two important ways: first, they keep more money and jobs locally and second, they join with other like-minded business owners allowing their customers to save money from collective buying power. In other words, cooperative business owners believe in the greater good of the communities and that we are all stronger together. Some examples of cooperatives you may be familiar with are Ace Hardware, Ocean Spray and your local credit union.”

Figure 1: Would knowing that a business is a Cooperative make you more or less likely to use its goods or services?



Source: Replicated from Cooperative Awareness Survey, LuminalityInc, April 2015. Conducted for Howard Brodsky, CCA Partners.

The co-operative definition in this survey makes the link to the lives of everyday people and the greater good of communities; keeping money and jobs local; saving money. In my opinion, these are relevant messages that the public cares about, and the results speak to a desire to support enterprises that achieve these outcomes. 78% are much more likely or somewhat more likely to use a co-operative's goods and services.

While the co-operative enterprise model has a unified statement of identity under the stewardship of the International Co-operative Alliance³, it is not 'what a co-operative is' that the public is drawn to. Messaging what co-operatives are as an *enterprise model* does not translate into sound bites and seems to require too much time to convey. It seems fair to conclude that if the public could easily distinguish a co-operative from

² This information was pulled from the Abacus Data report (2012), *Canadians and Co-operatives: International Year of Co-operatives* prepared for the Canadian Co-operative Association. Ipsos Reid has also conducted surveys (e.g. Tracking Study (2013)) on awareness and knowledge of co-operatives.

³ International Co-operative Alliance – www.ica.coop

a non-co-operative, most people would choose co-operative. The problem is that it is not easy to translate the public's desire to support co-operatives into action since *being a co-operative* is not visible to the public. Simple and quick communication is what the public has time for and understanding co-operatives is a longer journey.

Responses:

For those unaware of co-operatives, we must address the systemic lack of exposure to and understanding of co-operatives. Rather than expecting public awareness to increase simply by communicating what we are, what we do, and why we are the preferred model, our work to increase public awareness must go deeper. In my opinion, meaningful public awareness raising is hard work that will require a long and arduous journey that hangs on two critical pillars:

- 1) Mobilize around Co-operative Principle 5 (education, training, and information)
- 2) Become the fastest growing business model (as per the Blueprint for a Co-operative Decade) through Co-operative Principles 3

The rest of this paper is organized around these two pillars. It is further noted that these pillars overlap with Sustainable Development Goal 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) and Goal 4 (Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all).

5th Principles: Education, Training, and Information

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. Source: International Cooperative Alliance

In the December 17, 2015 United Nations resolution on co-operatives in social development there is reference to education and training. In particular, reference to “integrating cooperative values, principles and business models into educational programming, including school curricula”. These sentiments are similarly supported in the 2015 Guidance Notes to the Co-operative Principles published by the International Co-operative Alliance.

Section 12 of the United Nation resolution A/RES/70/128: Cooperatives in social development:

Requests the Secretary-General, in cooperation with the relevant United Nations and other international organizations and national, regional and international cooperative organizations, to continue rendering support to Member States, as appropriate, in their efforts to create a supportive environment for the development of cooperatives, integrating cooperative values, principles and business models into educational programming, including school curricula, as appropriate, providing assistance for human resources development, technical advice and training and promoting an exchange of experience and best practices through, inter alia, conferences, workshops and seminars at the national and regional levels, within existing resources.⁴

⁴ United Nation. A/RES/70/128: Cooperatives in social development. Resolution adopted by the General Assembly on 17 December 2015 [on the report of the Third Committee (A/70/481)]

In my opinion, co-operatives are committed to the ideals of Principle 5 but are underperforming on its implementation. Based on my experiences working in co-operative management education, “education and training for their members, elected representatives, managers, and employees” on the co-operative enterprise model is limited.⁵ Perhaps this is due to a different interpretation of what is needed to “contribute effectively to the development of their co-operatives” (as per the Principle language). However, it seems clear that the majority of new members, managers, and employees are coming to co-operatives without a sophisticated understanding of the co-operative identity, and, if co-operatives do not provide this, how can co-operatives thrive?

Education within co-operatives

The level of knowledge of the co-operative enterprise model is a spectrum spanning directors, managers, employees more generally, members, and the general public. Starting with the expectation that co-operative enterprises be managed and led to their fullest potential, it should be second nature that co-operatives embrace any and all opportunities to educate and train on their unique identity and advantages. Given my involvement in offering such education and training to managers and directors, I can report that acceptance by many co-operatives of the importance of co-operative enterprise model specific education and training is the first hurdle to overcome. I have come up with a few reasons for this based on observation: many co-operatives perhaps dismiss their business model as not being distinct enough to require specialized education; haven’t considered that there would be co-operative model specific training; and/or are not investing heavily in education and training generally (let alone co-operative education).

Co-operatives must show leadership and find a way to stand united in the belief that their business model is distinct and deserves coverage in education. Once co-operative specific education is integrated within a co-operative, there is evidence of tangible impact and relevance.⁶ This implies that there is a missed opportunity if all directors, managers, and employees are not fully aware of and knowledgeable about the co-operative enterprise model. The co-operative sector has the financial resources to grow existing education programs (as some flounder due to lack of co-operative sector partnership).

Education of the general public

Co-operatives are also meant to inform the general public beyond those that should feel connected to a co-operative (member, employees, directors). As per Principle 5, “they inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation”. Conveying the complexity of the co-operative enterprise model to the general public through information channels seems not to work well because there is a lack of base level understanding.

The inclusion of co-operative content within all stages of education from primary school through to adulthood is needed – or, at least at some stage(s)! At a minimum, co-operative curriculum should be integrated into existing secondary school courses such as personal finance, entrepreneurship, business math, etc. Establishing a base level of knowledge before adulthood will result in an informed general public. Educating seems like a more sensible alternative to informing through marketing and communication.

In places where co-operatives should be covered without question (e.g. all college and university business

⁵ For this discussion paper, co-operative education is limited to business education on the co-operative enterprise model. This is not to dismiss the importance of inter-disciplinary education and research on the diversity and complexity of the co-operative model; and expert in thinking in this area was Ian MacPherson.

⁶ A report was prepared by Karen Miner and Claude-Andre Guillotte for the 2014 International Summit of Co-operatives. Report: *Impact and Relevance of Co-operative Business Education*. <http://www.smu.ca/webfiles/IRECUS-St.Marys-FinalreportSept262014.pdf>

programs), it is absent in almost all cases.⁷ This is disappointing and a significant missed opportunity for the co-operative sector.

“Where will co-operatives get the talent they require in future? Skilled employees, leaders, volunteers, and members will form their skills and world views in universities and colleges. So, too, will regulators and consultants, government officials and tax specialists, leaders of organizations that sell to co-operatives and purchase from them. The increased scope of formal education means that where views of society were once shaped by working in a family business like a farm or in a small shop or trade, young people will be entering careers later, and with more of their views formed during their education. What people are learning about the world during a postsecondary education is more important than ever before.”⁸

Imagine if everyone graduating from any business course or program were introduced to the idea that co-operatives are a form of enterprise? Focusing on those being trained on business alone is only a subset of the general public, but the co-operative sector must determine its focus. Starting with business education as a target audience would have sweeping impact. It is estimated that 110,000 people a year in Canada alone graduate from post-secondary business programs.⁹ As comparison, the workforce in the co-operative sector in Canada of approximately 155,000. Informing (at worse) and educating (at best) 100,000 people each year in Canada alone would be a fabulous accomplishment.

I believe that a shift in education is achievable, but the leaders in apex organizations and influential co-operatives in each country must partner with universities and colleges, flex their collective muscles, and initiate a change. There are ways to focus and target such an effort. For example: From my vantage point within a university committed to the UN Principles of Responsible Management Education (PRME) initiative¹⁰, the co-operative enterprise model is a perfect fit, and PRME has the involvement of 650 institutions globally. The co-operative sector could target PRME signatories as a starting point by leveraging existing networks – e.g. the fledgling organization called the International Co-operative Business Education Consortium (ICBEC)¹¹ in partnership with an organization such as Cooperatives for a Better World that aims to “teach and promote the cooperative business model among employees, members, and people of the world”¹²

⁷ Nathan Schneider recently wrote a comprehensive analysis (US-centric) of the co-operative enterprise model in business school curriculum. *Curricular Cop-Out on Co-ops: Business schools ignore a key form of enterprise*. Published on October 9, 2016 in The Chronicle of Higher Education.

⁸ Fairbairn, Brett (2016). Co-ops and Universities: Some Reflections. Centre for the Study of Co-operatives. University of Saskatchewan.

⁹ Postsecondary graduates, by Pan-Canadian Standard Classification of Education (PCSC), Classification of Instructional Programs, Primary Grouping (CIP_PG) – Business, Management, and Public Administration, <http://www5.statcan.gc.ca/cansim/a26>. Accessed October 28, 2016.

¹⁰ Launched at the 2007 UN Global Compact Leaders Summit in Geneva, the Principles for Responsible Management Education (PRME) initiative is the largest organised relationship between the United Nations and business schools, with the PRME Secretariat housed in the UN Global Compact Office. <http://www.unprme.org/>

¹¹ ICBEC is a network of universities, colleges, and associations that offer co-operative business education.

¹² Cooperatives for a Better World - <http://cooperativesforabetterworld.coop/>. A non-profit organization, based in the United States, with the vision that: “In a world with a widening wealth gap, cooperatives combat this trend by empowering individuals, families, and communities with ownership in the businesses that shape their lives. Cooperatives for a Better World exists to unite the many cooperative enterprises around the world. In cooperation with the International Co-operative Alliance, we are promoting the cooperative business model as a mode of sustainable job and wealth creation.”

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership. Source: International Cooperative Alliance

While the statistics often quoted by the co-operative sector are impressive (number of members, number of co-operatives, livelihoods impacted), the impact of co-operatives in the traditional measure of economic impact is modest. A 2014 report by the United Nations counted 2.6 million co-ops globally, with revenues equivalent to 4.3 percent of the global GDP - “At a national level the cooperative economy comprises over 10% of the Gross Domestic Product in 4 countries in the world (New Zealand (20%), Netherlands (18%), France (18%) and Finland (14%))”¹³. In a Canadian study in 2010, it was concluded that the total direct (GDP) and indirect economic impact of co-operatives in Canada is 3.4% of economic activity.¹⁴

It is my opinion that the co-operative sector’s best hope of increasing its impact is not by raising public awareness generally. Instead, it is by achieving the Blueprint for a Co-operative Decade’s goal of being the fastest growing business model. The most important contribution by co-operatives to a sustainable future is through growth in the use of the co-operative enterprise model over capitalist models. It may seem like a stretch to suggest that a response to increasing public awareness is growth in the economic impact of co-operatives, but I believe that it is key to achieving public awareness. How can we expect to be well known when we have insignificant presence in many regions and business sectors? Won’t our awareness rise by becoming larger and more visible, creating more jobs, impacting more lives?

My thoughts on the response to public awareness via Member Economic Participation are more generative and high level than those for Education, Training, and Information. Opportunities for co-operative development (growth) seem much more context specific than for education. Where the greatest potential exist for growing co-operative enterprises varies from country to country. In North America, co-operatives realize that they need to look beyond the traditional strongholds, embrace change, and evolve. For example:

- The younger generations (millennials) are said to distrust ‘big business’, are well educated, desire meaningful work, want flexible work, care about a sustainable world, believe in equity (gender, economic, social, etc.).
- Younger and older generations are increasingly interested in alternative energy; health issues and aging; collective, collaborative and circular economy ideas; technology.

As examples, the above desires are compatible with the co-operative ideals. Co-operatives are engaged in these spaces, but co-operatives could be leading in all of these areas, grasping at opportunities, accelerating

¹³ As reported in *Measuring the Size and Scope of the Cooperative Economy: Results of the 2014 Global Census on Co-operatives*. Prepared by David Grace and Associates for the United Nations Secretariat - Department of Economic and Social Affairs, Division for Social Policy and Development.

¹⁴ Quoting the results from the *Co-operatives Impact the Economy* study in 2014 (as part of the Measuring the Co-operative Difference Network) - researchers George Karaphillis, Fiona Duguid and Alicia Lake. Result: Co-operatives, credit unions and co-operative insurance companies had a direct economic impact (GDP) of \$22,508 million in 2010 – and through spinoff impacts, the overall impact to the Canadian economy was \$54,631 million. This represents about 3.4% of Canada’s total economic activity in 2010.

growth, and raising the public awareness and direct engagement (membership and employment) as a result.

Conclusion

The Blueprint for a Co-operative Decade outlines goals for co-operatives: 1) to be the acknowledged leader in economic, social and environmental sustainability; 2) the model preferred by people; and, 3) the fastest growing form of enterprise.¹⁵ Until co-operatives achieve these goals, we will not have widespread *public awareness of the identity of the co-operative enterprise model*. To achieve these goals, do we need widespread public awareness? What do we do about the problem of needing to achieve a goal to solve a challenge (public awareness) but being perhaps unable to achieve the goal without neutralizing the challenge?

Writing this opinion paper was a challenge as the topic of public awareness is unwieldy, and the state of it varies from region to region. I chose to view the response to public awareness as being a long term project – through education and growing the co-operative sector – rather than with hopes of informing the public through communication and marketing. With two co-operative principles as our guide (5th on education and 3rd on economic participation), the co-operative sector can strive toward a tipping point¹⁶ whereby the co-operative enterprise model becomes well know and revered. A tipping point that pushes co-operatives into the spotlight and shifts society toward people-centred enterprises that are a must for the future of our planet.

¹⁵ International Cooperative Alliance, Blueprint for a Cooperative Decade, page 3. <http://ica.coop/en/blueprint-co-op-decade>

¹⁶ If I had more time, I'd go back and read The Tipping Point (Malcolm Gladwell) and other related ideas such as resilience in social-ecological systems to strengthen my thinking about the various factors that we need to enhance to generate a tipping point in co-operative awareness.

Appendix A: Excerpt from Impact and Relevance of Co-operative Business Education report prepared for the 2014 International Summit of Co-operatives

Co-operative Management Education (CME) programs at Saint Mary's University's Sobey School of Business and the Research and Education Institute for Cooperatives and Mutuals (IRECUS) of the Université de Sherbrooke conducted this international study. We developed profiles for Co-operative Business Education (CBE) programs in 13 countries and collected survey responses from 167 graduates across 15 programs in 10 countries. We also incorporated data from an independent, but similar survey conducted by EURICSE (Italy) for a total of 311 graduate survey responses. We also surveyed 62 co-operative sector partners from 11 countries. In addition to surveys, we conducted interviews and focus groups. An academic committee oversaw the project from inception through to completion.

Results

The main findings of our inquiry are as follows:

- CBE programs are highly recommended and valued by those involved in the programs.
- CBE graduates demonstrate an ability to transfer knowledge and skills to improve co-operative managerial practices.
- CBE programs receive limited recognition and support from the co-operative sector as a whole.
- Generally, across all programs, high levels of learning (satisfaction, learning, behaviour, and results) are achieved.

	GRADUATES	SECTOR PARTNERS
RESULTS	65% feel that they have a significant or moderately significant impact on their co-operative's performance	The areas of co-operative management practice where CBE graduates have the greatest impact are governance, strategic thinking and planning and member engagement
BEHAVIOUR	CBE programs bring about changes in attitudes towards colleagues and a transfer from theory to the day-to-day activities of their organization	60% indicated that the degree to which CBE graduates can enhance co-operative management practice is significant or moderately significant
	91% stated that CBE programs lead to a significant or moderately significant change in their co-operative management practices	CBE is considered a driver for establishing a co-operative culture and greater teamwork
LEARNING	CBE's three most important areas of knowledge are: co-operative identity, co-operative strategy and member engagement	81% believe that CBE leads to a better understanding of the co-op model
	CBE builds the relationship between co-operative identity and strong business performance	CBE is seen as a way to address the lack of co-operative knowledge within an organization
SATISFACTION	95% would recommend a CBE program	78% would recommend a CBE over a MBA program
	90% state that CBE has had a significant or a moderately significant impact on their career development	81% believe significantly or moderately that CBE can improve co-operative business performance
	The main reasons for choosing a CBE program over a conventional program are belief in the co-operative model, its values and principles, and to gain a better understanding of the co-operative model and its potential	65% believe they invest in continuing education in a significant or moderately significant way

Recommendations

The results of this study are extremely positive when looking at the experiences of graduates and sector partners. However, for the programs to grow and thrive we recommend the following:

- Co-operative education must be integrated into the education continuum, starting at an early age.
- Increased partnerships and engagement between CBE programs and the co-operative sector must be addressed. This will help to ensure the success of existing programs and to create new programs that best meet the needs of the sector.
- Increased collaboration among the CBE programs themselves should occur. The nascent Co-operative Business Education Consortium can play a role in this, in collaboration with other sector partners.
- Further research is required to answer two specific questions that emerged during this research:
 - 1) Why are so few co-operative managers pursuing CBE when programs exist to meet the need? and
 - 2) To what degree is Principle #5 fully implemented across the co-operative sector?