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Jobs, Community, Cohesion: Understanding the Value of Co-operatives in a Global Market

Co-operative Membership and Globalization

Creating Social Cohesion Through Market Relations

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Topics

- The Research
- Globalization
- Social Cohesion
- Solutions for Co-operatives

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1. The Research Project

- 2002-6 funding from Social Sciences and Humanities Research Council of Canada
- 15 academics in 9 disciplines from 7 Canadian universities
- 15 MA and PhD students
- 20 community-based partners

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Project outcomes

- Academic insights and publications
 - 2002 research conference
 - Books 2002, 2007
- Information for co-operatives
 - Reports; booklets; newsletters
 - Conference workshops & publications
- Policy information for governments
 - 2006 Ottawa policy conference

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Key ideas

- Communities are affected by **globalization**, and co-operatives along with them. Co-ops are on the front lines of community response.
- Co-ops, in pursuing success as businesses and organizations, will draw upon existing **social cohesion** in their communities, and reinforce it.

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Study parameters

- Research sites in Atlantic Canada, Québec, Prairie provinces, the North
 - Qualitative case-study methodologies
- National studies of public opinion, policy, and use of IT
- Sectors included retail, credit union, multipurpose, health, social service, worker/multistakeholder

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2. Globalization

Co-ops on globalization:

- “We need to accept globalization as a fact of life, but try to make its effects more fair.”
- Competition: “rapid change that totally redefines the conditions under which they operate”
- “Intuitive perception” that member identity is weakening

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Definition of globalization

- Not just corporations – not just negative
- A pervasive and multifaceted phenomenon; a change in the nature of society
- Changes lives of ordinary people
- Lives increasingly affected by events outside the local community



Elements of globalization (William Coleman)

- “Supraterritorial relations”, “complex connectivity”, “**detrterritorialization**”
(Jan Aart Scholte, John Tomlinson)
 - **Extensity** (how far)
 - **Intensity** (how strong)
 - **Velocity** (how fast)
- **Enmeshment** of local and global
- **Globality** (global reference frames)



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NB!

- The existence of co-operatives is an *example* of globalization
- Co-ops have *always* networked and exchanged ideas regionally, nationally, and internationally
- Globalization means they are challenged to do *faster* and *better* what they have always done



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Impacts of globalization in study communities

Population change: depopulation, in-migration, immigration

Economic change: job losses, policies of large corporations

Culture and technology: media, Internet

Not everyone sees change as bad

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Globalization and co-op responses

Population change:

- Depopulation, loss of services, aging population
 - New multistakeholder health and homecare co-ops
 - New seniors housing projects by established co-ops (retails, credit unions)

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Globalization and co-op responses-2

- Regional in-migration
 - Integration of new residents: CU targeting newcomers for mortgages, paying for staff to get involved in community
- Int'l immigration
 - Retail co-op sponsoring events for community pride and cross-cultural understanding



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Globalization and co-op responses-3

- Resurgence of Indigenous peoples
 - Multifunctional community co-ops in remote Arctic
 - New First Nation co-ops on southern reserves



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Globalization and co-op responses-4

Economic Change

- Low incomes, job losses
 - Increased business lending by CUs
 - Social-economy lending by CU
 - Business incubation by retail co-op
 - Regional development and worker co-ops (Québec forestry-Mario Carrier)

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Globalization and co-op responses-5

- Competition from large corporations
 - Amalgamations of CUs
 - Joint ventures between neighboring retail co-ops
 - Concentration on high value and service to compete with Wal-Mart

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Globalization and co-op responses-6

- Policies of large corporations:
siting, HR
 - Purchase of bank branches by CUs
 - High-quality local jobs and development opportunities

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Globalization and co-op responses-7

- Culture and Technology
 - Satellite/cable TV in Arctic
 - MEC website – for member relations
 - Unique Internet banking software

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Co-op responses to globalization

- Co-ops are responding to globalization whether they think about it or not
- Competitive pressures, member needs, and opportunities drive them
- Co-ops are occupying new niches
- Co-ops and members could be more aware this is what they are doing



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Feedback and discussion:

What effects of globalization are evident in your communities?

- *Are any changes positive?*
- *Are co-ops leaders in the community response?*



3. Social Cohesion

(Jane Jenson, CPRN)

- “Concerns about social cohesion are a product of our times,” a result of “serious social and political strains”
- 1990s OECD, EU, Gov’t of Canada
- “Shared values and commitment to a community”

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Social Cohesion defined

(Judith Maxwell, CPRN)

“Social cohesion involves building shared values and communities of interpretation, reducing disparities in wealth and income, and generally enabling people to have a sense that they are engaged in a common enterprise, facing shared challenges, and that they are **members of the same community.**”

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The meaning of community: Learning from the North

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Co-ops in the Arctic

Isobel Findlay, Lou Hammond Ketilson, Wanda
Wuttunee, Ian MacPherson

- Inuit and Dene communities
- Created by resettlement - “artificial”
- Remote, high transportation costs
- Multifunctional community co-ops:
groceries, hardware, craft marketing,
hotels, cable television...
- Critical local employers and
community hubs

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Drawing on social cohesion to create new co-ops

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St-Camille, Québec (Jean-Pierre Girard)

- Multistakeholder (solidarity) co-op formed 1999-2000
- Started with heritage building preservation - housing co-op for elderly - need for homecare services
- 44 users, 1 worker, 11 supporters
- Based on exceptional local connectivity and leadership



Other solidarity co-ops

(Benoît Lévesque, Jean-Pierre Girard)

- St-Felicien, Lac St-Jean: homecare services co-op
- St-Pascal de Kamouraska, Bas St-Laurent: natural-foods co-op
- Adstock, near Thetford Mines: recreation (ski) co-op

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Multicommunity co-ops and member cohesion

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Prince Albert, Saskatchewan

(Michael Gertler, Roger Herman)

- Rapid change in population and markets
- PA Credit Union and PA Co-op – regional systems
- Branches preserve or enhance service in outlying locations
- Facilitate migration of members and business to regional core

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Consumer's Community Co-op

(Leslie Brown)

- Co-op Atlantic retail system
- Strong competition, rapid change: larger companies, larger stores, supply-chain management, technology
- January 2001
- Amalgamation of 28 retail co-ops

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What CCC members want

Survey data shows that members are looking for the co-op difference:

1. Being a good food store,
2. Being rooted in the community,
3. Making membership meaningful
4. Standing for something as an alternative to other grocery stores

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CCC conclusions

- Co-operatives that are mainly defensive, responding to the agenda of the competition, may find it extremely difficult to flourish
- In addition to meeting members' needs and expectations in price, service, and products, co-ops need to develop a strong sense of their own identity.

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CCC conclusions

- To develop a strong identity and to find their own relationship to community, individual co-operatives must be willing to change, to consult with members and employees - what is a co-operative grocery store in this era of globalization and consumerism?

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CCC conclusions

- Transcend this idea of the co-op having two “sides”, with management responsible for “running the business”, and the Board responsible for the “democracy” or “member” side of the operation.

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South Interlake Credit Union

- 9 regular branches + 2 schools
- Purchased Bank of Montreal branches
- Strength of a regional system, successful management and culture of teamwork
- Members perceive each branch as local to their community

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“New” credit unions (Malo et al.)

- **Territoriality:** redefined relations to space; regionalization; boundaries
- **Accessibility:** meeting unmet needs, serving underserved pops.
- **Employability:** quality local jobs
- **Connectivity:** networks
- **Democrativity:** participation

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Urban consumers and social cohesion

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Calgary Co-op (MA student Angie Wagner)

- 405,000 members in city of 1 million
- Shawnessy customer study
- Urban consumers shop in multiple stores: Co-op & low-price chains
- Those customers motivated primarily by price have little loyalty
- Others influenced by family history, local ownership, co-op values

Consumers and globalization

- Co-ops have to be competitive (in the ballpark), but consumers are not motivated by price alone
- Niche for superior quality and service to meet local needs
- Some consumers respond favourably to local ownership

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What members say:

Member #1: It's surprising the amount of small businesses that people are dedicated to in town. I go to Wal-Mart, I'll admit, but I also support all the small businesses in town.

Member #2: I was just going to say that. I know that when they were talking about Wal-Mart coming in here, someone said, 'It's going to kill downtown.' I said, 'I don't think it will.'

#1: They're not going to die if they provide service, and that's the bottom line.

#3: if you provide the service, then you shouldn't be worrying ... They've got to find something special that they can provide for the average person; but they also have to start taking some care in what their premises look like.

#4: If it's humanly possible to do business ... where we're living, we'll do business [here].

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Bricks & mortar as a distinguishing feature

- Co-op facilities are centrepieces for their communities
- Unique designs make statements about community identity
- Investment makes a statement about the differences between co-ops and multinationals

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HR as a distinguishing feature of co-ops

- Local ownership and community orientation condition the HR practices of successful co-ops:
 - Staff from and involved in community
 - Varied jobs - training and development
 - Local managers and decisionmaking
 - Genuine sense of teamwork
- Practices reflect co-op values

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What CU staff say:

I've lived in this town my whole life. Originally, I worked for one of the major banks. I worked there for 8 years and I was getting a little disillusioned with the way they were treating customers.... I looked into the credit union and what its principles were, ... and decided that I would be more comfortable working for a credit union.

My biggest concern was that they were treating clients like numbers or letters. ... I just thought it was unfair. With the credit unions, I find that ... they treat everybody as if they all have the same potential. So I think it's a lot fairer.

I've been working in financial institutions ... since I started my career. The majority of it was with a major bank. I very much enjoyed what I was doing, however I felt very confined in being able to be myself in my position. It seemed that there was always a pattern that you had to fit. There were too many changes... I felt that I had lost myself.

Then I ... applied for a position at the credit union. ... I felt I was being interviewed because they were looking for a particular type of person.... I found that this is true. Jokingly, a lot of the people that work for major financial institutions say that we've gone to banker's heaven.

One of the reasons I left the chartered bank was because, of course, they're moving so far away from customer service and they shortchange you so much you have no time; they want you to be pleasant and push the people through... And that's not me. I'm very outgoing. I'm very pleasant. I'm really curious: I want to know what's going on in people's lives... But when you come to the credit union, that's what helps you at the credit union.

Feedback and discussion:

Is social cohesion declining in your communities?

How can co-ops tap into the social cohesion that exists?

Can co-ops increase the social cohesion in their communities?

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4. Co-op Solutions

Business practices make a statement

- Co-ops re-link themselves to members and communities through new investments and quality service
- Co-ops make themselves transparent by showing they are people-oriented enterprises
- Co-ops develop innovative new services by thinking about their regions and local needs

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In response to globalization

- Co-ops draw on nonmarket resources (social capital)
 - Volunteers
 - Member loyalty
 - Local pride and community identity
- ... and market resources
 - Shares, savings
 - Paid staff
 - Patronage

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In response to globalization

- Co-ops serve marginalized groups
 - Geographic communities
 - Innovations in response to needs
 - New co-operatives
- Co-ops promote social integration
 - “Open door” approach
 - Community centrepiece
 - Services and facilities

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In response to globalization

- Co-ops reinforce community economies
 - Recirculation of wealth
 - Local ownership
 - Location of investment and services
- ... and support local causes
 - Donations and sponsorships
 - Community-development policies
 - Staff and volunteers

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In response to globalization

- Co-ops create or preserve quality jobs
 - Local hiring
 - Employee development
 - Opportunities for advancement
 - Responsive local management
 - Buy-outs or transfers from large firms



In response to globalization

- Co-ops reorganize themselves spatially and reconnect to communities (reterritorialization)
 - Multibranch systems
- Co-ops create or access networks
 - Economies of scale, marketing
 - Training, staff
 - Financial guarantees
 - Collective voice

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In response to globalization

- Some co-ops fail
 - Competitive issues (and need)
 - Member loyalty issues
 - “Identity crisis”
 - Governance problems
- Those that effectively mobilize local resources & use networks succeed
 - Draw upon and contribute to local identity and social cohesion

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Good business or good principles?

- Successful co-ops may do all this because it is the right thing to do – because of the co-op values
- They *have* to do it to succeed economically as co-ops
- Co-op principles are rooted in what makes good business sense for co-ops. Globalization doesn't change that.



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Co-ops are places where people can make choices and see the connections and consequences of their choices for themselves and their communities.

In co-ops, people can express what is local and distinctive, even while situating what they value within a global and competitive economy.

Co-ops are practical. And yet, they are places where people can work out for themselves, in their own minds, and in interaction with others, some of the most important issues of our time.

Co-ops are acts of the imagination.

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Questions ?

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