

THE SOCIO-ECONOMIC IMPACT OF COOPERATIVES AND MUTUALS

*When the past inspires the future:
the contribution of cooperatives and
mutuals to making a better world*

By:

Institut de recherche et d'éducation pour les coopératives
et les mutuelles de l'Université de Sherbrooke

Michel Lafleur, Professor
Director, IRECUS

Anne-Marie Merrien, Researcher
Research Coordinator, IRECUS



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Human does not live by bread alone, but also by meaning. And its happiness bears down not only to acquisition of material wellness. [...] It also depends on our capacity to make sense, to create meaning! It allows us not only to develop our own “narrative identity”, but furthermore to become even more proactive, readier to gain power over our own life.

Pierre Mouterde, 2005, p. 66



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Introduction

Some 300 years ago, faced with problems of poverty, exclusion and inequality, some men and women devised and proposed a new way of addressing their needs: cooperatives and mutuals. The model evolved between the practical and the ideal, inspired by the balance between the values of equality, democracy, liberty, fairness, solidarity and empowerment. To this very day, this project of organizational innovation still challenges our concepts of the economy and of business management.

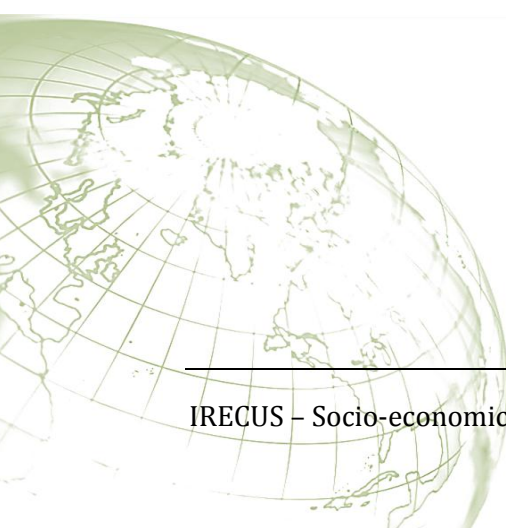
Does this ideal of change, this cooperative and mutualistic project, have a socio-economic impact as only dreamed of by its first proponents and theorists? Would they appreciate the contribution to the betterment of the world of cooperatives and mutuals today?

The *Institut de recherche et d'éducation pour les coopératives et les mutuelles de l'Université de Sherbrooke* (IRECUS) has painted a picture of the socio-economic impact of cooperatives and mutuals today. IRECUS also puts forth an analysis of the contributions of the cooperative and mutualistic identity to the results. This undertaking will allow us to look at the challenges the cooperative and mutualistic movement will soon face.

Here are the specific objectives:

- To paint a global picture of the socio-economic impact of cooperatives and mutuals and of their contributions to improving the world.
- To allow for a better understanding of the successes and challenges of the business model by highlighting the special appeal of the cooperative identity.

To begin with, the present document outlines the theoretical framework that guided the analysis of the collected data. The second section describes the research methodology used. We then present the results that will allow us to evaluate the socio-economic impact of cooperatives and mutuals on the planet. The analysis of the results is performed in regard to the theoretical cooperative framework and leads to a few questions about the challenges to come.

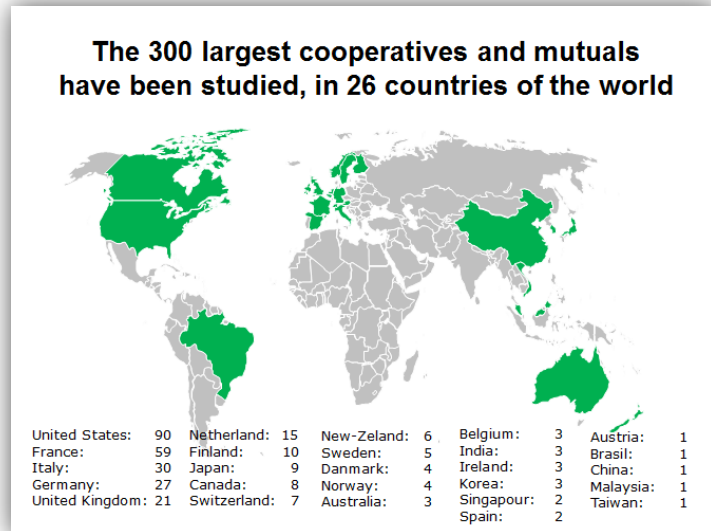


Methodology

Data Mining

The research focused on the 300 biggest cooperatives and mutuals as measured by their sales figures and determined by Global 300 classification. The collected data was taken from annual reports of 2010, websites, and direct contacts with management. The data is both quantitative and qualitative and was compiled onto fact sheets. They were subsequently analyzed according to the theoretical frameworks outlined later in this document. Quantitative data was processed statistically with Excel and Strata programs.

The second phase of data mining consisted in the analysis of a few case studies, of the research and analysis from other countries, universities and organizations (for a complete list, see the bibliography). For linguistic and cultural reasons, Asia is a somewhat unusual case. Indeed, our collaborator, Mr Robby Tulus, travelled there to speak directly with the cooperative officials concerned.



This detail leads us to speak of one of the limits of our research. Many cooperatives do not make their data public and reject any request for information they receive. It must be noted that our information is incomplete for at least half of the American cooperatives (54 out of 99). Therefore, when the figures for 2010 were unavailable, we used, for statistical purposes, the data of Global 300 (whose numbers are gleaned from 2008 annual reports).

A second element to take into consideration is obviously the matter of sampling. We estimate that there are some 750,000 cooperatives worldwide (ICA, 2012). A sampling of 300 can therefore appear rather weak. However, although they cannot represent the movement in its entirety or even in all its diversity, these organizations exert a great deal of influence, and it would be impossible to study the socio-economic impact of cooperatives and mutuals without including them in the analysis. So, the availability of the information, the scale of the task, the time imparted to us and the relative representativeness of the businesses guided our choices for the sampling, and this, with an aim to enriching the analyses of the case studies of cooperatives that were not listed on Global 300.

This yielded a more reliable territorial representation. Moreover, the other studies on cooperatives and mutuals we consulted allowed us to confirm the tendencies and dynamics observed in the bigger cooperatives.

Approach

The research strategy borrowed elements from the mainly qualitative methodologies (Robson, 1993; Maxwell, 1997; Thiétart, 1999) with a hybrid research strategy, namely, the multi-cases study (Yin, 1993, 1994) within whose framework we insert, at the data mining and analysis stage, the stages of grounded theory analysis (Glauser and Strauss, 1967; Locke, 2001). This analysis strategy allows for a series of to-and-fros between the collected data and the theoretic models, which in turn allows for a better understanding of the socio-economic impact of cooperatives and mutuals. The theories and models are not used so much as markers from which we elaborate a series of hypotheses to verify, but rather more as guides to help us better understand the data on the ground and its contribution to the socio-economic impact of cooperatives and mutuals.

The fact that there is no recognized theoretic framework to evaluate the socio-economic impact of cooperatives and mutuals, and that this research is a first, explains the choice. This allowed us to enrich our data considerably in order to attain the objectives of our research. Moreover, based on this data, we can propose a categorization of the socio-economic impacts (into three broad dynamics) and do as much with the contribution of the cooperative and mutualistic identity (into three schools).

As for recognizing patterns, we looked to the works of Nieto and Perez (2000) who suggested the logic of replicability based on the recognition of behavioural patterns. The proposed patterns must be understood to mean the recognized capabilities of the cooperative identity and not as dynamics that can be generalized to all cooperatives and mutuals, and this, at all times. Indeed, this research design addresses the validity characteristics of Maxwell (1997).

During the course of these to-and-fros between data, theoretic models and the construction of new categories, we worked with representatives of cooperatives, other researchers and students. Indeed, we realized that you cannot do research on cooperatives without cooperative research. This research is in fact the fruit of collaborations involving some 30 individuals. In addition, there were many exchanges and great sharing with researchers from other universities. This research on cooperatives and mutuals was made possible by the cooperation and mutual assistance of players in the field.

Theoretical framework

History

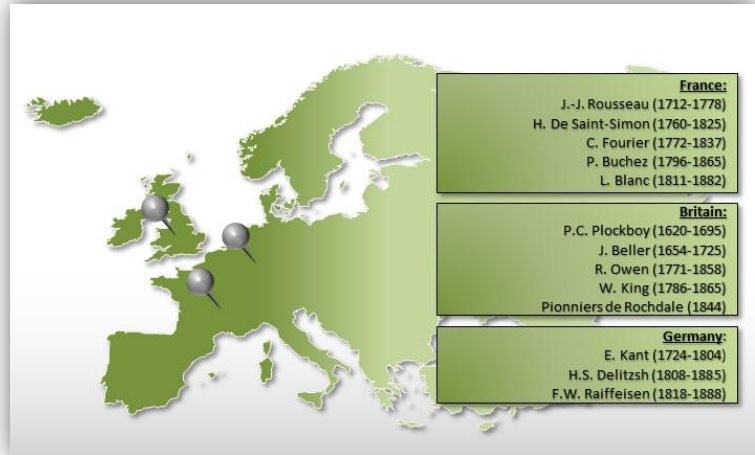
If we refer to 300 years of thought and practice, it is because we wish to, not only recognize the memorable experiences such as those of the Rochdale Pioneers, but also of the first theorists such as Peter Cornelius Plockboy (1620-1695) and John Bellers (1654-1725). Indeed, as early as 1659, Plockboy published an essay dealing with economic associations that would seek to do away with the exploitation of man by man. This association is in fact a comprehensive cooperative that aims to satisfy its members' every need (food, housing, entertainment, etc.) and within which production, as well as consumption, is performed in cooperative fashion (in Martin *et al.*, 2012, p. 93). Mladenatz (1933) quoted Bellers, who also promoted the creation of comprehensive cooperatives that he called "cooperative work colonies", and insisted that "it is work, not money, that is the true wealth of a nation" (p. 17-18). These authors were not satisfied with simply reflecting upon the problems of the time and elaborating alternative solutions. They actually put their theories into practice in the field, albeit more or less successfully. Their successors continued their reflections and experiments, and evolved the model to eventually arrive at a model that would survive the test of time. Thus, Henri de Saint-Simon, Charles Fourier, Philippe Buchez, Louis Blanc and Robert Owen all participated, in theory and in practice, in preparing the coming of the Rochdale Pioneers. Herman Schultz-Delitzsch, Friedrich Wilhelm Raiffeissen, Alphonse Desjardins, Georges Fauquet, Henri Desroche and Claude Vienney are also part of this long history of deep thought and cooperative and mutualistic action. As an example, we often forget that the Quebec mutuals of today are the descendants of the mutual aid societies that began their activities in the late 18th century. It is also interesting to note that the forerunners of cooperatism and mutualism were contemporary of the great philosophers of the Enlightenment. Indeed, at this very same period, Jean-Jacques Rousseau (1712-1778) and Emmanuel Kant (1724-1804) were developing their thoughts and ideas according to which democracy and education were the favoured roads to the emancipation of individuals, and that feudalism and monarchism were not the only way to organize society.

This reflection of the Moderns would have an influence on that of cooperatism itself. The democratic ideal proposed and defended by certain 18th century philosophers offered humanity the possibility of understanding differently by postulating that a human being is a person that can be part of a community as subject and as citizen. [...] Thus did the 18th century humanist and democratic ideal afford a new understanding of man by the intervention of two new fundamental values: liberty and equality, that Jean-Jacques Rousseau would develop further after Aristotle (Martin *et al.*, 2012, p. 100).

It is important to remember that these forerunners considered cooperatives and mutuals as alternatives to a system with a number of torts and shortcomings, and that a real societal project, based on values and principles, inspired the development of these organizations.

This brief historical reminder serves two purposes. First, it calls to mind the fact that cooperative history is old and rich. Indeed, this look back allows us to better appreciate the road travelled and the present situation. In fact, Georges Fauquet (1942) explained the importance of looking back at the founding past in this way “ [...] we too often recognize the extent to which a social movement ceases to be a movement, when it cuts the umbilical cord to its utopias, its dreams and even its illusions.”

Moreover, we recognize that the reasons cooperatives and mutuals were created then are still valid today. It was problems of poverty, exclusion and inequality that provoked the first cooperative reflections and experiments. Sadly, we must admit that poverty, exclusion and inequality still exist. How can cooperatives and mutuals find inspiration in the past to better face the challenges of future? We will explore a few solutions at the end of this document.



Definitions

The object of this study is to consider the socio-economic impact of cooperatives and mutuals and the contribution of their identity on the results. We must therefore define a few of the concepts that are at the heart of our research.

Cooperative and mutualistic identity

Evidently, the definition provided by the International Co-operative Alliance (ICA) is the more widely known and recognized. According to the ICA, a cooperative is:

An autonomous association of persons; voluntarily united to meet their common economic, social and cultural aspirations and needs through a jointly owned and democratically controlled enterprise (ICA, 2012).

Further, the values and principles most often cited are those of the ICA. We have reproduced them below:

Values:

- Empowerment and personal and mutual responsibility
- Democracy
- Equality
- Fairness
- Solidarity

True to the spirit of the founders, member-cooperatives adhere to an ethic based on honesty, transparency, social responsibility and altruism.

Principles:

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Cooperation among cooperatives
- Concern for the community

However, it would be illusory to believe that memorizing these two lists would be sufficient to grasp the essence of what the cooperatives and mutuals project offers. Indeed, Fauquet warns, “At times, ideas lose their militant virtue. Spirits lie down on the soft pillow of verbal formulas, comfortable clichés of propaganda that audiences welcome with contentment, because [they are] so easy.” (in Desroche, 1976, p. 372).

This is why we must also consider (perhaps especially so) these values under the angle of their inter-relationships and inter-dependencies. For example, democracy without empowerment appears absurd. Equality or fairness is conditional on solidarity and vice-versa, a value strengthening or attracting the other, much as a set of gears. It is therefore between the inter-relationships and inter-dependencies, between the values and principles, between the association and the enterprise, between the theory and the practice that we better understand the cooperative model, its complexity and its strength. (Martin *et al.*, 2012, p. 222).

The strength and the importance of these inter-relationships are part and parcel of the theoretical framework of complexity. Effectively, according to the complex systems approach:

[...] human organization consists in a configuration of inter-relationships and inter-dependencies between human beings, (Barnard, 1969; Katz and Kahn, 1978), a configuration in perpetual construction by individuals, productive and motivated (Hatch and Cunliffe, 2009). This configuration translates into coordinated activities involving the importation of inputs and the exportation of output that serve to re-energize the organization (Katz and Kahn, 1978) so that it may adapt and transform itself in a continuous interaction with the environment (in Guillotte, 2012, p. 3).

In short, we believe that, in this study, it is vital that we not only analyze the elements separately or in their entirety, but also their inter-relationships, balances, contradictions, and the dynamics they create (Capra, 1996; Meadows, 2008).

The definitions linked to identity or to values only provide us with a starting point for this societal project linked to this form of entrepreneurial organization. As explained by Paul Lambert (1964), one of cooperatism's contemporary thinkers:

It is moral concerns that inhabits these initiators: they all see cooperation as something other than the solution to a passing and partial problem, they see a formula capable of renovating the entire economic and social system and of elevating people to noble and selfless moral behaviour (p. 41).

Thus does cooperatism in fact propose a different way of advancing development, a model that puts not capital at its heart, but rather a relationship of use (either by work, production or consumption), executed in a status of co-ownership. Amongst the first, Bellers and Buchez claimed that in the association they proposed, "men associate their work, not their capital" (in Desroche, 1976, p. 315). Indeed, in the cooperative model, the role of capital is fundamentally changed: it becomes a means, not an end.

In short, cooperatives and mutuals represent a real alternative. As an essential element of a pluralistic economy, they offer a vision of the world and of development, of their own purposes and meaning that we, as researchers, must set out to analyze from the premises of this vision of a model for development. Too often, the analysis of the dynamics and results of cooperatives and mutuals, in the frame of reference of the traditional business or public business, inevitably leads to faulty conclusions that tend to require that the cooperative or mutual abandon its values and identity to become more like other organizations. As we will see, the success of cooperatives and mutuals is based on respecting their identity in the market economy.

Mutuals are often considered to be or even mistaken for cooperatives. It is right to believe that they belong to the same organizational bent and were developed in a similar spirit. Nevertheless, this may be the appropriate moment to make the distinction and point out their specificities, as they represent more than 20% of Global 300 businesses. In absence of a widely or universally recognized

definition of mutuals, we can still specify that they operate in various sectors, such as insurance, health and financial services.

Moreover, one of the fundamental differences between mutuals and cooperatives is the nature of the relationship of use. Normally, in a cooperative, members hope to make frequent use of the services on offer. It is quite the opposite with mutuals. In fact, it is fervently hoped for that the member will never have to call upon the services offered by a mutual, as this would indicate the occurrence of some sort of misfortune (illness, accident, disaster, etc.). This distinction obviously has an impact on the structure, relationships between members, and of members with the mutual, on the decision-making process, on the sense of belonging, etc. (Bridault, 1996, p. 22). Nevertheless, it remains that mutuals are collective businesses that share the same values and principles as cooperatives.

Socio-economic impact

Larousse (2012a) defines the notion of impact as follows: “Effect produced by a thing, influence that results from it”. Thus, in view of the definition, we can say that, in this study, we seek to define and measure the effect produced by cooperatives and mutuals and the socio-economic influence they exert within and without their organization in the dynamics of contributing to the betterment of the world.

One of the important elements in our theoretical framework is the concept of socio-economics. From the very start, the term *economy* comes to us from the Greek, meaning “rules of the house”. In a more general sense, it refers to the dynamics and activities of production, distribution, exchange and consumption with a view to improving living conditions (Petrella, 2007).

Let us not forget that the historian, Fernand Braudel (1993), demonstrated how capitalism has now almost become the sole basis of the economy. To the author, we must differentiate capitalism from the market economy. Capitalism refers more directly to the system where the owners of capital, without necessarily being entrepreneurs or workers, wield decisional power in business and to whom the wealth generated by the business is deemed to belong. This is the overriding question of development, namely, who creates this wealth? For whom is it created? Who has the ultimate power of decision? Workers, entrepreneurs, financiers, or merchants? If capitalism is a form of system, the market, as for itself, is dynamic, a place for the exchange of products and services. In this sense, cooperatives and mutuals may not be capitalist enterprises, but they rightly and truly evolve in a market economy.

Adam Smith defined the wealth of a nation as all of the products that make life better for the nation, i.e. of all classes and of all their consumption. The exchange of goods is performed according to market rules, insofar as, Braudel would say, we stay with the capitalism of merchants and not of

traders (in Julien, 2012). Smith asked a similar question of Braudel: to whom does the created value belong and for whom was it created? The workers, entrepreneurs, intermediaries, investors?

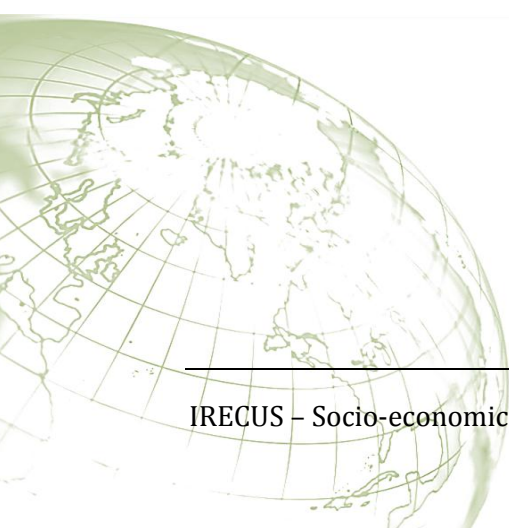
Henry Mintzberg, world renowned author in the field of management, looked at the question from another angle, “Ever since economists and shareholders have taken control of them [organizations], they have changed their mission. Efficiency and profitability have made us forget their *raison d’être*: we created them to serve us, and now we work to enrich them” (in Bérard, 1999, p. 14-16).

Finally, the concept of sustainable development also brings us to consider the term “socio-economic” and the concept of development in an entirely different manner, According to Capra (1996):

The main lesson we can draw from these analyses [of sustainable development] is that the cause for most of our environmental and social problems can be found in our economic system. [...] Stricter environmental rules, better commercial practices and more efficient technologies are, quite obviously, necessary. But they aren’t enough. We need a deeper systematic change (p. 245).

Moreover, in view of the approaches of complexity, of sustainable development and of a pluralistic economy, we consider neither realistic nor useful any attempt to divide the impacts into two types: social and economic. One cannot help but recognize the links existing between the economic and the social, as well as their mutual influence. Of course, the complexity may be methodologically difficult to embrace, but the end result is a richer analysis, and especially, one that is closer to reality.

Consequently, for the needs of this research, the term socio-economic is linked to both the increased capacity of people to intervene in their own lives and to the dynamics of “managing their own house” in the activities of production, distribution, exchange and consumption, while maintaining the capacity of ecosystems to produce life. Also, the socio-economic impact can be evaluated on four levels: with members, with employees, from the activities sectors, and in the community.

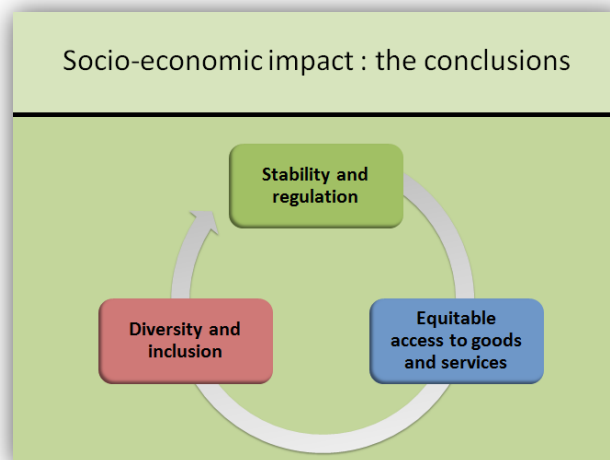


Results

From all the data collected emerge three main dynamics that characterize the socio-economic impact of cooperatives and mutuals. Indeed, they:

- have a stabilizing and regulating effect economically, socially and politically;
- maintain equitable access to goods and services;
- promote economic, social and political diversity and inclusion.

These dynamics stand out in various ways and we have identified 15 indicators that will allow us to outline them. This is the subject matter of the coming sections. Therefore, for each of these sections, we will highlight the particular contribution of the cooperative identity to these dynamics that together form the socio-political impact.



Economic, social and political stability and regulation

It is 750 million people who are both users and owners of 300 cooperatives and mutuals. It is also 3.9 million people whose jobs are created by businesses that promote values of equality, democracy, liberty, fairness, solidarity and empowerment. As both users and owners, members must make decisions that affect them not only as users but also as owners, and this, within a collective and democratic framework. Consequently, decisions are taken in consideration of more than a single aspect of a given situation. Through the merging of interests that may, at first, seem divergent or at least, different, members succeed in maintaining the activities of their cooperatives or mutuals with a view to stability and permanence.



Economic, social and political stability and regulation

1 Number of members and employees

2 Survival rate of cooperatives

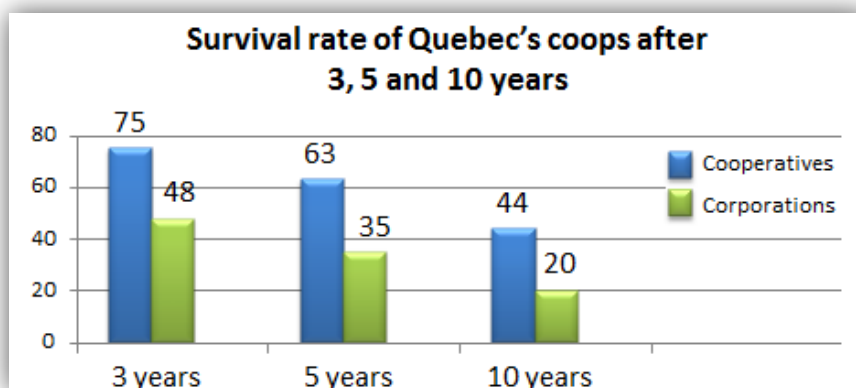
3 Reserves

4 Response to crises

5 Impact on the market

6 Exemplary employers

These businesses are recognized for their longevity (40% of the Global 300 have 70 years or more). In this order, it has been shown that Quebec cooperatives enjoy a survival rate twice that of corporations that have been in existence for



10 years or more. (MDEIE, 2008, p. 13). Financial cooperatives, cooperatives of workers, and salaried employees are the ones that best weathered the last financial and economic crisis (Roelants *et al.*, 2012; Birchall and Hammond Ketilson, 2009). We will not expand any further on the reasons for this longevity, but it is certainly a particularity of cooperatives and mutuals (Guillotte, 2012).

Economic stability is also ensured by a capitalization practice particular to cooperatives and mutuals: the reserve. This constitutes the first practice of sustainable development elaborated and applied to the field of business management, because, through this practice, we succeed in better answering the needs of the present while increasing the capacity of future generations to answer to their own.

Philippe Buchez first proposed the idea of a reserve with a vision to inter-generationality and permanence of the cooperative organization. He explained, “between the humanity of the past, that of the present and that of the future there exists a necessary historical link. That is why a human society that would be permanent must have at hand permanent social funds” (in Mladenatz, 1933, p. 48). Today, there is \$867.5 billion¹ sheltered from speculation, serving as sound capitalization of cooperatives and mutuals of the Global 300, and belonging to their members, both present and future.

Obviously, we must take into consideration that the practice of the reserve varies from one country to the next or from one sector to the next. Thus, the inalienable and non-shareable character of the reserve is not universally observed. It is nonetheless a cooperative capitalization practice that has stood the test of time.

When we analyze their reaction to crises, whether financial, political or environmental, it becomes clear that cooperatives and mutuals are factors of stability. Japanese cooperatives are a fine example: they were the first to provide aid to the victims of the tsunami, March 11, 2012 (Kurimoto, 2012). The Quebec forestry cooperatives are also well known for keeping jobs in the sector despite the crisis it presently faces. Where corporations would cease their activities, cooperatives often show patience and make a few sacrifices to continue to answer the needs of their members and the communities from which they have arisen (Gingras *et al.*, 2007, p. 211).

¹ All amounts are in U.S. dollars in this document.

In addition, cooperatives and mutuals exert remarkable influence on the markets by reason of their important participation in certain sectors. There are many examples of cooperatives being the frontrunners in their field or holding significant shares of the market. This is precisely the case if the field of dairy products processing. Indeed, four cooperatives figure amongst the top 10 of the sector. In this same sector, the biggest producer of biological dairy products is also a cooperative: Arla Foods. Tereos is Europe's second producer of sugar and number one in France. The biggest insurance company in Finland is the mutual KLP. In Finland again, Valio brings together nine cooperatives representing 8,500 milk producers out of a national total of 10,000. In France, Limagrain is the fourth largest seed company in the world. Associated Press, a non-profit cooperative of various newspapers and broadcasters states that the information it processes is retransmitted to over half the world's population. Finally, in the field of funeral services, the Swedish cooperative Fonus holds 33% of the market share of the sector (Lafleur, 2012, p. 9).

As we can see, examples abound. However, market influence and sectors of activity cannot be valued solely in terms of sales figures. It is also by the exercise of leadership, innovation and example that cooperatives and mutuals succeed. For example, the funeral services cooperatives of Quebec who, by their very presence and actions, have seen the costs of funerals in the province decrease by half (Beaucher, 2012). It must also be noted that cooperatives and mutuals are often recognized as exemplary businesses, as shown by the Canadian *Corporate Knights* list of socially responsible businesses, where four cooperatives appear in the top six (Corporate Knights, 2012).

This influence through example and leadership is a form of economic regulation, as competitors of cooperatives and mutuals follow their example and adjust their own practices accordingly.

In short, cooperatives and mutuals have real impact on **economic, social and political stabilization and regulation**: superior survival rates, exemplary reaction to crises, significant impact on the markets, etc. It is, of course, risky to generalize and claim that all cooperatives and mutuals have this same impact, all the time, in all circumstances, although this has often proven to be the case. Cooperatives and mutuals have the capacity, the potential or, in other words, the power to exercise this influence. Practices and circumstances vary, but the model possesses, intrinsically and historically, this capacity and potential for impact.

This capacity or potential is tainted in particular fashion by the cooperative and mutualistic identity. Moreover, cooperatives and mutuals are more than concepts or structures. They are real life experiences, creative spaces for innovation and sharing that induce a democratic and empowering educational process. In other words, cooperatives and mutuals are true schools, as defined in *Larousse* (2012b): a school is also a "life activity or condition where we receive instruction". As mentioned earlier, the first impact we identified was that of economic, social and political regulation and stabilization. Let us not forget that this dynamic is characterized by six indicators or practices. These practices are experienced concretely by the organization and its members and represent, to our eyes, a school of humanistic entrepreneurship.

Why such results? It is because their practices flow from the cooperative identity of matching dynamic entrepreneurship with human purpose. These cooperative values in action make of it a school of humanistic entrepreneurship. To us, the term *school* refers equally to the educational and democratic aspects as to the empowerment of the cooperative ideal: a space for creation, innovation and sharing.

Promotion of equitable access to goods and services

Cooperatives and mutuels participate in maintaining equal access to goods and services in many ways.



This can be seen in their high level of activity in sectors linked to basic needs and the real economy. It is in fact the need to feed oneself, to feel safe and be housed properly that is at the heart of the activities of the 300 biggest cooperatives and mutuels. Evidently, in this sense, cooperatives and mutuels are in step with their principal mission that of answering the needs of their members. *A contrario*, the sectors where the biggest 500 corporations

are most active are linked in great part to the speculative economy.

Cooperatives and mutuels strive more than other businesses or organizations to address the needs of their members,

as they do so with remote populations and territories. This is most notably the case for the electricity cooperatives that provide power to the far reaches of Alaska, the islands off the coast of Maine and the deserts of Nevada (NRECA, 2012). This practice is no stranger to the American electricity cooperatives that handle 42% of the distribution throughout the country. Financial cooperatives are known to be particularly capable of providing services to populations in need, most notably in developing nations or in the poorer regions, improving living conditions by doing so (Birchall and Hammond Ketilson, 2009, p. 26). By keeping abreast of the needs of all regions, cooperatives and mutuels are able to address the needs of most. The cooperatives of France are a fine example: 75% of cooperatives in France have their head office in the regions, so that they may be better informed of the needs of their members, no matter where they are. Flexibility and diversity are proof of a unique, widespread and adapted service offer.

Global 300 (coops and mutuels)
1. Agriculture
2. Insurance
3. Food
4. Financial coops
5. Utilities

Global 500 (corporations)
1. Banks
2. Oil and gas production
3. Technology and hardware equipment
4. Pharmaceutical and biotechnology products
5. General retailers

Equitable access to goods and services is also guaranteed by inter-cooperation within a same sector or between different sectors or cooperatives of different countries. The *Agri Confiance* initiative was launched by the (agricultural) farm cooperatives (125 presently participating) in answer to a request by consumers. The project revolves around a certification process regarding quality and environmental management encompassing all cooperative farm activity.

Sharing the same cooperative values, but also mindful of further developing their presence in the regions, the retail cooperative *Système U* and the agricultural cooperatives created a partnership to provide consumers with more quality products.

This accord presently targets only two product lines, but upon completion, *Système U* and the farm cooperatives will be able to develop more accords on other products and files. This is a fine example of inter-cooperation between two families of cooperative businesses, with an aim, for the first, to bolstering its image as a major player in the regions and to providing its clientele with a range of quality products, and, for the second, to gain recognition from the territorial stakeholders for its efforts in implementing more environmentally respectful agricultural practices (Frey, 2012, p. 4).

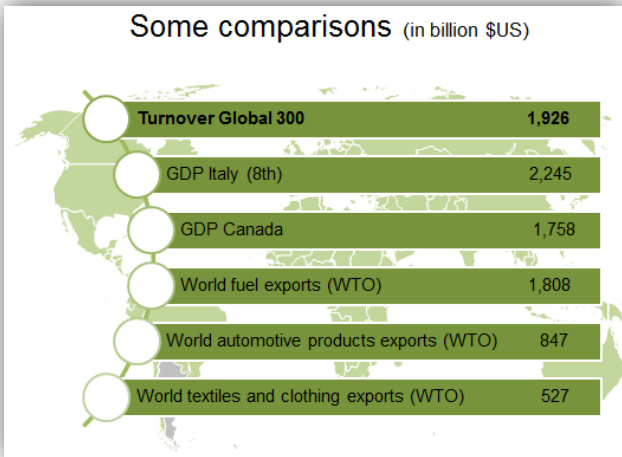
The cooperative and mutualistic movement also acquire tools for international cooperation that meet the needs of cooperatives throughout the world. Indeed, organizations such as SOCODEVI, *Développement International Desjardins* (DID), NCBA, the CCA and the Swedish Cooperation all have overseas activities and take part in an exchange of cooperative expertise that makes the movement more unified and self-aware. This concern for fairness can now be witnessed beyond the usual structures and territories of cooperatives and mutuals.

It is obvious that the “giving back (or return) to the community” as outlined in the cooperative principles of the ICA is a distinctive feature of cooperatives. However, data regarding grants and sponsorships appear in only a very low percentage of the annual reports we consulted, and so, do not allow for comparisons with that of corporations. Is this unheralded selflessness in regard to the community? Simply poor marketing? Hypotheses explaining this absence perhaps merit further research. However, what is clearly distinctive of cooperatives and mutuals is the way that this return to the community is performed, especially the reasons cooperative and mutualistic businesses get involved in the community. The fact of the matter is that cooperatives and mutuals are true community builders. They are made from the community and are constantly involved in it. They **are** the community. This can be seen in their choice of management, priority of action, presence with members, service offer sculpted to real needs, etc. The practice of patronage return offers a peek into the return to the community practice. In fact, it is close to \$66.4 billion, or about \$208 million per cooperative, that is paid out to members annually by cooperatives and mutuals of the Global 300.

The United Nations recognized this contribution to social development in Resolution 64-136 in February, 2010:

Considering that cooperatives, in their various forms, help the entire population, more notably women, the young, seniors, the handicapped, and native people, to participate as fully as possible in social and economic development, in which they are becoming a very important factor, and that they contribute to the elimination of poverty [...] (p. 1).

The cooperatives and mutuals of the Global 300 had total revenues of the \$1,926 billion, which makes of them, were they a country, the 9th largest economy in the world. Let us not forget, however, that these are the results of only the 300 biggest cooperatives and mutuals. It is highly likely that 750,000 cooperatives in the world would raise their economic rankings to an even higher order. It is interesting to note that the sales figure of these businesses surpasses the total exports for fuels, cars and car parts, textiles and clothing. Remember: this economic performance is achieved while also amassing reserves of more than \$867 million, paying out annual dividends of \$66 million, all the while getting involved in the community, creating some 4 million jobs, promoting principles and values, and contributing to the maintenance of equal access to goods and services.



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In short, cooperatives and mutuals contribute greatly to the world economy while receiving relatively little attention from the general public, governments and other businesses.

This second impact dynamic, this maintenance of equal access to goods and services, is growing stronger thanks to practices and results particular to cooperatives and mutuals. This is experienced in very concrete fashion by members, communities and organizations. The cooperative learning process is truly a school of solidarity and fairness.

Promotion of economic, social and political diversity and inclusion

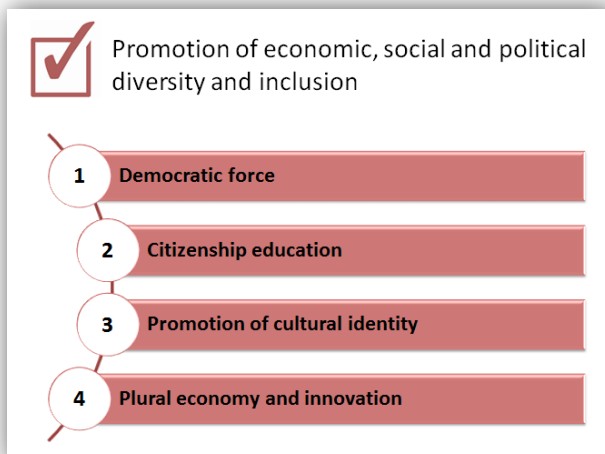
Cooperatives and mutuals constitute a democratic force that simultaneously influences its own members, its community and the world in general. In fact, if the Global 300 cooperatives and mutuals formed a country, it would be the world's number one democracy. Indeed, 725 million people can exercise their right to vote, at least once a year, in regard to their own business (India counts 714 million eligible voters²). These same members certainly have the possibility of participating in the annual general assemblies, but cooperative democracy can also be expressed by

² BBC, 2009.

way of semi-annual or special assemblies, committees, election to the board of directors, workshops and consultations. In short, cooperative democracy is not only representative, it is also participative, which ensures that the diversity of viewpoints and needs is respected and encouraged.

No one should minimize the importance of this democratic participation, especially in view of the educational impact its activities create. Indeed, cooperatives and mutuels provide information, training and education to its members, and their participation in organizing these activities is in itself an important educational process.

Moreover, it is particularly striking in developing countries, where it plays an essential role in the apprenticeship in subjects such as of democracy, empowerment, management, accounting, as well as in more basic matters, such as mathematics, reading, and inter-personal relationships (United Nations, 2011). The Migros Club School is exemplary in that perspective. It is, in fact, the first continuous training institution in Switzerland (with more than 450,000 people registered), offering courses in the field of languages, culture, wellness, economy, management and computer sciences, etc.



“Training for all” has been the *École-club* credo for the past 60 years. To allow large portions of the population to follow continuous training has always been a major objective of social and cultural commitment here at Migros. It is in great part thanks to the support of *Pour-cent culturel Migros* that the *École-club* attracts people with its high quality offer and better than average price/performance ratio (Migros Club School, 2012).

It is widely known that education and training are amongst the best ways to counter economic, social and political exclusion. It seems clear that cooperatives and mutuels contribute to this educational process. Nevertheless, cooperative content remains largely absent from national educational programs.

The principles of autonomy and independence, and the very nature of cooperatives and mutuels create a model that is, in itself, extremely varied and able to adapt sectorial, cultural and political specificities and realities. This adaptability is, in and of itself, an asset, and a guarantor of permanence, but it also constitutes a factor, at times determinant, in the construction of identity. We can legitimately ask ourselves, where would Quebec be without Desjardins? For that matter, where would the Basque country be without Mondragon? What would rural life be without the agricultural cooperatives? As an example, we can clearly see that cooperatives that are active in native milieus, such as the *Fédération des coopératives du Nouveau-Québec*, play an important role

in the protection and promotion of identity (Girard and Ninacs, 2006). From a cultural viewpoint, we see forever more cooperatives active in the artistic milieu or as protectors of cultural heritage. The *Hôtel du Nord* cooperative is very interesting in this regard:

The social objective of this cooperative is to promote the cultural heritage present in the 15th and 16th *arrondissements* (boroughs or city wards) of Marseille, to enliven and improve the life of the people who live and work there. In order to do so, the cooperative develops publishing and popular education activities by way of the *École des hôtes* and promotes hospitality: rooms, guides, shops, businesses, sojourns, artistic creations. Its objective is to promote economic activity (Wanner, 2011).

The cooperative bases its reflection on the fact that the cooperative model exhibits great “plasticity” and manages to address a vast array of needs. It also bases its approach on the *Universal Declaration of Human Rights* that recognizes the “right to freely take part in the cultural life of the community”. The *Hôtel du Nord* cooperative would like to eventually create a cooperative of European heritage and take part in the historical process: “In the last few decades, two European creations, the Inalienable Right and the Non-shareable Reserve as created by cooperatives, have seen the common good increase in the interest of future generations.” (Wanner, 2011).

By their very existence and thanks to their specific identity, cooperatives and mutuals ensure the presence of economic and social diversity in the world. Indeed, they participate in what is rightfully called the pluralistic economy. This presence and influence helps maintain balance and enriches the economic, social and political milieu. Cooperatives and mutuals not only demonstrate that another model for development exists, but that it experiences major economic and social successes. It is important to remember that this model constitutes one of the great entrepreneurial innovations of the last centuries. We need think only of “fair trade”, a practice that could not be studied and envisaged without considering the contribution of cooperatives. Moreover, certain cooperatives definitely look to the future and innovation, as can be seen with the *Allons en vent* cooperative. It is a special wind farm that implements sustainable development principles, and whose members “are children who acquired 100-Euro shares. The 2,000 shares provided 25% of the financing for the project, the rest was obtained through bank loans” (*Allons en vent*, 2012). The parents are the cooperative’s managers, but the owners remain the children, and decisions are taken in their name and with consideration given to their interest.

In short, cooperatives and mutuals constitute the biggest democracy in the world; they provide information, training, and citizens’ education, and encourage participation. They convey upon workers, producers and consumers the status of co-owners in respect of cooperative values, and in this sense, represent an organizational innovation of great scale.

To our eyes, there is no doubt that cooperatives and mutuals, in view of their practices and promotion of economic, social and political diversity and inclusion, form a school for democracy and empowerment.

Conclusion and prospectives

As stated in the introduction, it is important to keep in mind the cooperative and mutualist project. More than 300 years ago, the first cooperative thinkers proposed a model that would better address the needs of those who wanted to become stakeholders. In this great utopia, this now becomes reality.

Indeed, Georges Fauquet (1942) invites us to remember this mobilizing utopia, this project for change.

This vision of society and this willingness to put human beings, their dignity and the realization of their potential at the heart of this cooperative and mutualist project are still essential, and will have allowed the project to experience an exemplary evolution. Over 725 million members (who, in turn, touch almost half of the global population); revenues that represent the 9th biggest economy in the world; the number one democracy in the world, and one of the most important entrepreneurial innovations; results that reverberate everywhere on the planet.

Today, we must recognize that we still face challenges similar to those faced by the first cooperatives and mutuals, as well as an enormous new one, namely, that of maintaining the capabilities of the eco-systems that ensure our survival. Fortunately, unlike our predecessors, cooperatives and mutuals now have greater means at their disposal.

These old and new challenges, and the resources at the disposal of the cooperative and mutual movement, give us cause to stop and think about the future. In our opinion, we would be wrong to only consider the best ways to manage cooperatives and mutuals (the how?) without considering the basic reasons for which we manage them (the why?). What new utopia, what subsequent practices for cooperatives and mutuals?

In 1973, in his leading exposé, Schumacher already considered this question of the difference between the how and the why, but in an educational dynamic:

Education must seek, first and foremost, to transmit ideas of value, the apprenticeship of that which we must do with our existence. The necessity, equally indisputable, of transmitting our know-how comes in a distant second. It is evidently somewhat rash to place important powers in the hands of people without having first assured ourselves



that they have a reasonable point of view of the use to which they intend to put them. Presently, it is more than likely that humanity is in mortal danger, not because we lack scientific and technological expertise, but rather because we tend use the one we have prejudicially, without any hint of wisdom (Schumacher, 1978).

In this order of thought, the recurring question of growth is the trap we must be leery of when we study the challenges facing cooperatives and mutuals. Indeed, Adam Smith, much as Aristotle, condemned chrematistics (the accumulation of riches for riches sake). It may seem absurd or at least questionable to wish for enrichment for the sake of enrichment, however, the sustainable development approach is as disapproving of growth for the sake of growth. Capra and Henderson (2009) believe that “the term *development* from “sustainable development”, if it refers to the economists’ notion of growth, is an oxymoron” (p. 8). In other terms, if cooperatives and mutuals wish to pursue activities of economic growth, they must first question their validity (the why) and, especially, that the activities in question are in line with their values, principles, and ways of doing things. We have shown, as have other authors, that cooperatives and mutuals obtain exemplary results, weather crises better, and influence the markets, all the while maintaining their cooperative identity. Thus are critical judgement and a framework for sustainable development greatly useful when the time comes to analyze worldwide tendencies and coming challenges.

But how must we respond to present tendencies and challenges in a cooperative and mutualistic fashion? The IRECUS team suggests a few angles of thought on the subject. To begin with, the first theme touches on education and the recognition of formulas for cooperative and mutualistic development. This question is asked regularly. But beyond acknowledging that there is a lack of recognition, is it pertinent to ask, what are the duties of cooperatives and mutuals in this regard? The web platforms are probably one of the more obvious avenues. But a study of the home pages of the websites of the 300 biggest cooperatives and mutuals reveals that 40% of them do not contain a single term relating to cooperatives and mutuals. So what other tools could cooperatives and mutuals acquire, how would they do so?

As for the political institutions and the educational milieu, it is, to say the least, stunning to see that, in spite of the quality of the results, cooperatives and mutuals do not automatically surface as the choice of States, and are not more often mentioned in educational material. Managerial and developmental practices inspired by the cooperative identity do not generally form part of books or programs dealing with management, history, education and politics. Is this a simple oversight? Are we blinded by the dominant model? Can this be intentional? How can we recognize and improve the management practices that were developed? Has the time come to start thinking of building a big new school of humanistic entrepreneurship, so as to better learn about the differentiated practices of cooperatives and mutuals, and imagine new ones?

In addition, another proposed avenue to address current challenges and tendencies is inter-cooperation, which is already part of the cooperative and mutualistic model. We have witnessed a

few inspirational examples of what inter-cooperation can be. In a world where it is increasingly easy to create links, what will inter-cooperation between cooperatives and mutuals from different countries look like? What would be the impact of even greater trade between cooperatives and mutuals? Will there be international cooperatives and mutuals? How will we cooperate and internationalize in respect of diversity and the cooperative identity? Principles and practices await invention and development.

To close, cooperatives and mutuals demonstrate, through their model, practices and results, that there exists a developmental model that has succeeded in joining together economic, social, political and cultural aspects. They have proven that there is no need to make choose or prioritize the elements of this one world. Cooperatives and mutuals want to increase the number of links between members and their organizations, between organizations and the community, between the communities of various cultures, between the social and the economical, the political and the cultural, between the ideal and the practical. Thus do they show their incredible power, placing human beings, their dignity, and the realization of their potential at the heart of the project, thus igniting economic and social change in a peaceful dynamic.

[...] we break up stones differently when we have a cathedral in mind.

Pierre Mouterde, 2005, p. 65

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