

Synergy and Strategic Advantage

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**Synergy and
Strategic Advantage**

**Co-operatives and
Sustainable Development**

MICHAEL E. GERTLER

CENTRE FOR THE STUDY
OF CO-OPERATIVES



UNIVERSITY OF
SASKATCHEWAN

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Centre for the Study of Co-operatives
University of Saskatchewan

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Centre for the Study of Co-operatives
101 Diefenbaker Place
University of Saskatchewan
Saskatoon SK Canada S7N 5B8
Phone: (306) 966–8509
Fax: (306) 966–8517
E-mail: coop.studies@usask.ca
Website: <http://www.usaskstudies.coop>

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Abstract

A SYSTEMATIC ANALYSIS of the characteristics of co-operatives reveals many capacities that recommend them as appropriate vehicles for sustainable development. Co-operatives offer advantages as rooted, socially embedded, patient capital and as organizations that promote partnerships, co-ordinated action, and capacity building. Given changes in the operating environment, the explicit adoption of eco-social agendas can contribute to co-op viability and vitality, providing a basis for positive differentiation and for stronger ties to important constituencies, stakeholders, and strategic allies. Given their capacities as organization and enterprise, it is argued that co-ops can also contribute to new identity formation and to transformative social change.

Introduction

AS A GROUP, co-operatives have not yet reaped the full potential of a venerable co-operative paradigm: co-operation for sustainable economic and social development. Nor have co-operative theorists and commentators moved far beyond chronicling interesting cases and the broad compatibilities between co-operatives and sustainable development (SD) (see Shrotriya and Prakash 1992; Holmén 1994; Saxena 1995; Chavez-Pirson 1997, 102–6). The intent here is to initiate a more systematic analysis of the propitiating characteristics of the co-operative enterprise as a particular type of hybrid economic and social entity, building on theory and on examination of practical examples from the field. This analysis leads to the conclusion that co-operatives, as rooted, locally embedded, patient capital, and as learning organizations with capacity to generate and share knowledge, can be powerful organizational mediums and proponents for SD. Moreover, this is, in many ways, a promising “winning hand” for co-operatives that must find new ways to distinguish themselves and to establish stronger ties with various constituencies and stakeholders.

Co-operatives have been organized in response to many different challenges. Important waves of co-operative formation have been associated with periods of profound social and economic change. Frequently, the immediate concern has been some inequity in trade, the degradation of working conditions, unserved needs, or broader issues of development and well-being. In our own era, new problems and concerns create openings for developing existing co-operatives and for initiating new forms of co-operative endeavour. These openings and opportunities for co-operative renewal derive from rapid and problematic changes in economic and social structures that confront people as they try to put

together sustainable livelihoods and lives. New openings are also created in a uniquely human fashion by changes in sensibilities, perceptions, and preferences, and changes in aspects of culture in the realm of ethics and aesthetics. Significant changes in the context for co-operation — and in the business environment of co-operatives — stem from new economic, social, and ecological realities, but also from changes in the values that people attach to different aspects of their lives and living environments.

In the discussion of issues and potentials that ensues, several lines of argument are explored. In the first part, there is an opportunity to examine the changing climate for co-operative enterprise, including new social, economic, and environmental pressures, and the record of corporations and co-operatives in responding to these challenges. The following section inventories connections between the social, economic, and technical requirements of SD, and the unique characteristics and capacities of co-operatives. These links suggest that co-ops may already be well positioned to serve as vehicles for advancing an explicitly social-ecological agenda. The next section provides a discussion of approaches that strengthen the prospect that such initiatives will be sustaining for co-operatives and yield tangible strategic advantages. In the final section, attention is turned to the potential of co-operatives as sites for the kinds of transforming change likely to be necessary if the full promise of socially and ecologically advanced development is to be realized. Again, it is concluded that co-operatives that embrace a comprehensive and comprehensible (SD) orientation promote their own vitality and viability while making significant contributions to environmental health and social progress.

The Context for Sustainable Development Initiatives

MANY OF THE CHANGES that now confront individuals, organizations, and communities originate in the cumulative effects of large-scale processes such as industrialization and deindustrialization, urbanization and suburbanization, corporate and government restructuring, deregulation and reregulation, globalization, and the space-time reconfiguration of economic and social life. While new personal freedoms and significant wealth have ensued for some, these processes have also been associated with rising inequalities, degrading environments, declining community cohesion, and more extreme behaviours ranging from terrorism to warfare. These eminently public problems are manifest first as individual concerns about economic and personal security, the health effects of industrial practices, the integrity of leaders, and the stability of basic social arrangements such as marriage, family, and community.

Another important change dynamic is the growing gap between shared understandings of democratic practice, equity, morality, and justice, and what people actually experience or watch being inflicted on others. This raises reasonable doubts about governance structures and regulatory regimes, economic “models” and scientific objectivity, and the development trajectories of our own nations and of our neighbours. While the immediate outcome may be resignation, alienation, fear, or depression, there is also a growing malaise with respect to meanings and purposes, and concern about the rightness of the paths we have chosen (or accepted in the absence of more meaningful options).

Liquid modernity (Bauman 2001) has eroded many of the supports on which we previously balanced, but it has also increased our awareness

of issues that had formerly fallen outside our realm of consciousness. While the problems multiply, the options for responding appear to dwindle, to be inadequate, or to be discredited. Some of the most serious challenges that we face, singularly and collectively, are ecological and environmental: the introduction and build-up of industrial toxins in all parts of the biosphere, including our own bodies; the depletion or despoiling of key resources such as forests, fish stocks, or fresh water reservoirs; the destruction of biodiversity and unique habitats; and climate change with its attendant problems of unstable weather patterns, desertification, and loss of human habitat.

While some problems are amenable to technical intervention, the barriers to effective resolution often turn out to be social, cultural, political, psychological, organizational, and institutional. We lack arrangements that facilitate consensus building and collective action, and, therefore, seemingly cannot adequately address the preservation of the commons and the stewardship of collective goods. The lack of arrangements for adequately responding to mounting ecological crises and for addressing the environmental contradictions in the ways we organize production and consumption does not stop us from worrying and apportioning blame. There is an open and constant debate about the health and environmental implications of technologies and about appropriate methods for achieving more sustainable forms of development. In fact, there has been a pervasive environmentalization of politics at every level so that all projects and decisions are now subject to scrutiny through an environmental lens (Buttel 1992).

This is the cognitive backdrop and political context for all new and ongoing ventures. It is the environmentalized operating environment to which many firms have reacted at least by greening their rhetoric and by implementing measures that reduce expenditures on energy and materials, as well as legal and liability risks. A minority have moved further, bringing environmental criteria to the fore and reflecting these concerns in product choice and design, as well as in retooled production processes (Peck and Gibson 2000). Whether they move a little or a lot on environmental and related social agendas, corporations and other organizations have been responding to government regulation and the threat of litiga-

tion; the preferences of “green” consumers and the specifications of other buyers; pressures from environmental, public interest, and religious organizations; advice and financial signals from investors, creditors, and bond rating agencies; the recommendations and underwriting practices of insurance firms; and the changing guidelines and codes of professional organizations and industry associations (Hoffman 2001). To this list one could add scientific research and debates; the demands and lobbying efforts of unions; and the concerns of family, friends, neighbours and other influentials who have taken up the cause. Environmental concerns have become strategic concerns. They are now viewed as intimately linked to operational efficiencies, to the management of risk, to the cost of projects and of raising capital, and to marketing. Environmental practices are also viewed as important for attracting and retaining a high-quality workforce and are viewed as a key factor in the reputation of the enterprise and its managers (Hoffman 2001).¹

Some major companies have taken pre-emptive or proactive steps to deal with environmental issues by joining organizations such as the World Business Council for Sustainable Development (Hoffman 2001; Peck and Gibson 2000).² Many more companies have embarked on programs of environmental management, implementing agendas with designations such as Cleaner Production, Waste Minimization, or Pollution Prevention.³ A growing number have taken the measures required for environmental certification under the aegis of the International Organization for Standardization (ISO 14000 series).⁴

Along with environmental management projects and audits, some firms have initiated voluntary reporting programs on corporate social performance. Both environmental and social initiatives of this kind are encouraged by the expanding pool of capital consigned to ethical investment portfolios that use social and environmental criteria as screens to help decide if a company qualifies for investment. This type of fund has grown faster and shown greater stability than other managed assets so that by 2001, capital invested in portfolios characterized by screening, shareholder advocacy, and/or community investing surpassed \$2.3 trillion — nearly 12 percent of the total investment assets under professional management in the United States (Social Investment Forum 2001).⁵

Demand for products that are less encumbered or compromised by negative associations with social or ecosystem degradation has led to establishment of fair trade organizations and networks, along with various eco-labeling and certification programs covering commodities such as coffee, chocolate, nuts, bananas, and wood products (Goodman and Goodman 2001, 97–119).⁶ Co-operatives and similar organizations have often been key players in these networks, co-ordinating production and marketing by primary producers in the global South, or serving as marketing intermediaries and retailers operating closer to the consumer (Nigh 1997; Reynolds 2000). When nongovernment organizations are the intermediaries in fair trade, production co-operatives are often the preferred partner at the primary end of the commodity chain. The enterprises involved in such “value chains” are motivated by the opportunity to add economic value while honouring and promoting social and environmental values at the same time.

Co-operatives in North America have been quite heterogeneous with respect to advancing environmental and social agendas. While most have made progress in environmental management, comparatively few have adopted a comprehensive, integrated, and systemic eco-social program. Co-operatives that have moved furthest and fastest on such agendas tend to serve specific subcultures, typically urban, educated, environmentally aware populations. Food co-operatives that specialize in health foods and organic products serve members who take a strong interest in their diets, in food systems, and in the provenance of their groceries.⁷ Recreation equipment co-operatives outfit enthusiasts involved in strenuous outdoor adventure sports, eco-tourism, and camping. Some housing co-operatives provide innovative housing that is advanced in terms of environmental technology and with respect to arrangements for sharing of common facilities. Car-sharing co-operatives now operate in more than one hundred European cities (Leland 1999) and in Canadian municipalities such as Montreal, Toronto, Vancouver, Victoria, Edmonton, and Calgary (Hallett 2001).

These are not the only kinds of co-operatives doing innovative things with respect to the environment and social development. Many worker or production co-operatives are notable for their explicit embrace

of SD agendas. Prime examples include construction and material recycling co-ops operating in several cities and co-ops providing nursery and tree planting services in rural Québec. Machinery co-ops and co-operative farms in Saskatchewan have demonstrated a relatively high propensity to diversify their production, to experiment with alternative crops and crop systems, and to implement conservation measures (Gertler and Murphy 1987, 239–69; Gertler 2001a). Energy co-operatives have taken significant steps in conservation and in the development of alternative energy sources (Benander 2001; Thompson 2002a; 2002b). Some co-operatives have been formed specifically to deal with environmental problems or to support more sustainable alternatives. Recent developments of this kind include an agricultural plastics recycling co-op, a marketing co-op handling organic almonds, and a co-op that processes and distributes consumer-ready pork products on behalf of thirty farmer-owners subscribing to strict protocols on humane rearing practices (Co-operative Development Network 2002). Forestry co-operatives have been established to help woodlot owners and other participants in the sector to implement sustainable forest practices and to market lumber that has sustainable certification (Karg 2000). Environmental co-operatives designed to help farmers integrate environmental values into their production systems are emerging as a new approach to collaboration and governance in western Europe (Glasbergen 2000).⁸

Less visible or prominent with respect to SD agendas are some of the established co-operatives providing inputs and commodity marketing services in the agro-food sector. Supply co-operatives often handle materials that are environmentally controversial (e.g., pesticides) and can find themselves in contradictory situations due to their promotion of intensive forms of production. Retail co-operatives that sell household goods and farm inputs likewise face potential divisions among their membership and must struggle with the tricky question of how to position themselves in terms of public debates on the development of the agro-food system and alternative production practices.

Some agricultural sector co-operatives have taken important steps that suggest awareness and commitment to environmental protection — promoting integrated pest management, supporting soil and water

conservation through Best Management Practices, promoting low-disturbance conservation tillage systems, and developing environmental audit programs for farmers, for example (Boyle 1997). While such initiatives represent an important change in rhetoric and programming, they also reflect the complex agendas that resource-sector co-operatives now face with respect to environmental issues. An important consideration in many of these initiatives is the perceived need to address problems of public confidence and the political pressure for stiffer regulation (Boyle 1997).

Another common thread to many of these projects is that they seek to rationalize (but not to eliminate) the use of products that have been identified as environmental problems, at least under some conditions. They address the environmental repercussions of an industrialized agriculture, including the waste management problems of concentrated animal feeding operations, but they tend to do so in ways that allow the system to continue without focusing on central sources of risk and environmental contradiction. In other words, this tends to be environmental management of the sort that may make risky or unsustainable practices more acceptable and sustainable, at least for the time being (see Buttel 1997, 344–65).⁹

Given that co-operatives are diverse in terms of scale and scope of activities and in terms of regions and populations served, variation in terms of response to environmental and social agendas is expected. The way a co-operative handles this set of issues reflects structural conditions, including the characteristics of the organization and of the sector in which it operates. Structural factors, however, may not be determining in the end. Culture, politics, and philosophy remain influential. Organizations facing broadly similar structural constraints and opportunities move forward on SD agendas at different speeds, and organizations that initially lag on SD agendas may later achieve considerable momentum. To understand more about the possibilities and the limits and the sources of co-operative strength (or weakness) with respect to SD, it is important to look more closely at the particular attributes of co-operatives as a form of enterprise. This is the focus of inquiry in the next segment.

Co-operative Capacities for Durable Development¹⁰

THE PRINCIPLES and accumulated historical traditions of co-operatives provide political, intellectual, and cultural capital that support including a wider range of concerns in enterprise planning. The financial organization and economic principles of co-operatives provide them with some room for manoeuvre with respect to mobilizing capital and valorizing investments in more sustainable practices. The social relations within and around co-operatives provide opportunities to address collective needs and concerns in ways that preserve the resilience and integrity of natural and human communities.

Given that co-operatives are organizations with more than one bottom line, co-op managers and boards routinely integrate complex combinations of concerns to achieve closely conjoined economic, social, and environmental objectives. This prepares co-operatives for further travels in the realm of socio-economic and eco-social optimization. Moreover, co-operatives can facilitate the kinds of human interaction that make such trade-offs more feasible. Sustainable development requires social capital — that is, positive working relationships, mutual trust, and goodwill (Roseland 1999). Co-operatives often become communities in their own right and help to build communities of place when they foster alliances and coalitions (Hammond Ketilson et al. 1998). As vehicles for sustained collective action, co-operatives furnish “social services” to regional economies.

Sustainable development requires longer planning horizons and implies attention to intergenerational equity and to long-term effects. One of the key problems of capitalist development is the inability to represent

the interests of the future to the present (Thurow 1998, 26). Capitalist market economies tend to heavily discount the future. While co-ops are often linked to capitalist markets and business orientations, they are not necessarily ruled as strongly by the same market logic. They are not so dependent on rapid growth and surplus extraction, and they have other ways to win favour with investors and support from creditors (Zeuli 2002). Co-operatives can raise capital via retained earnings and various forms of member equity and loans. Co-op capital is, thus, more likely to be “patient” capital that can invest in projects that may yield financial benefits only slowly, indirectly, and quite far into the future. This patient quality also originates in the ways that members perceive and derive advantages. Co-operative enterprises are strongly linked to the concerns (and time frames) of local communities via member-owners who may also be patrons and co-op employees. These members may likewise be local homemakers, property owners, business owners, outdoor sports-people, gardeners, and wildlife enthusiasts. Because they live and work in the region, members are positively affected by a co-operative’s long-term investments in conservation and pollution abatement in ways that go beyond the prerogatives associated with ownership.

Co-operatives have demonstrated their utility for addressing long-term collective as well as individual interests in many settings. Co-operatives tend to be long lived compared to many kinds of private firms (Direction des Coopératives 1999), and their presence contributes stability to local economies that are often among the most vulnerable. This has a multiplier effect in that it allows others to plan and invest with greater confidence and to reap the benefits of long-term projects designed to enhance productivity or to protect the resource base. Co-ops render a hidden economic service by helping to stabilize regional economies and by fostering a climate favourable to long-term investment by other actors (Hammond Ketilson et al. 1998).

Sustainable development is best understood and undertaken as a regional project: it requires economic organizations that commit to and engage with a region. Corporations tend to be mobile and can move in response to pressures for environmentally or socially acceptable practices. They can likewise move away from environmental problems that they

have created (Orssatto and Clegg 1999), and they can be dissolved or reorganized to escape responsibility for injuries inflicted on workers, consumers, or nature. Corporations tend to be “virtual” with respect to localities and communities. Few people know the source of the capital (ownership) or the ultimate destination of the profits. Corporations typically operate in a climate of low expectations with respect to loyalty to workers, suppliers, customers, neighbours, and community members. It is taken for granted that their decision making will be secretive and that the criteria will not be shared. This makes corporations less transparent but also more nimble and flexible.

Co-ops are not so mobile, liquid, or labile. Spatially and geographically, co-operatives tend to have a rooted quality in that members generally organize or join a co-operative as a result of shared activity in shared space. While corporations can be reconfigured or reoriented to suit investors or markets, co-operatives have a longer-term mandate or social contract with specific locales and stakeholders. This differentiates co-operatives in terms of their interaction with space and place, as well as in their orientation towards time. As rooted and patient capital, co-ops may have a greater predilection to behave in ways that integrate and account for the full costs of economic activity. Flexibility, mobility, and global reach remain key components of corporate commercial success. Co-operatives must, therefore, seek out and develop other sources of flexibility, competitive advantage, and negotiating power (with suppliers, employees, customers, and local governments). They have the potential to do so given the trust that members and the public still place in them (Co-operative Development Institute 1996) and given opportunities to deepen and strengthen that trust (Presno Amodeo 2001).

While globalization and related social, political, and economic changes have not been kind to many co-operatives, such periods of upheaval often reveal new opportunities. Globalization undermines the existing spatial economy, relocating activities and accelerating the mobility of goods and capital. For some people and some purposes, national borders become less significant, but one of the paradoxes of globalization is that it may also reinforce the importance of local places, both as sites for organizing the conditions that propitiate successful commercial activity

and as sources of identity and identification for people hungry for stability and community. As place takes on new symbolic significance, and as people seek out appropriate vehicles to stabilize local economies as well as to manage local infrastructure and resources, there may be renewed interest in co-ops and in arrangements that build off existing co-operative models. Co-ops may become more attractive given their particular characteristics as capital that is rooted in place and as a form of enterprise that tends to be more solidly socially embedded.

Sustainable development requires local action informed by global awareness and global action informed by local awareness. Co-operatives are part of a world movement that has many links to social movements and groups working on environmental protection, democracy, poverty reduction, and development alternatives. Organizations working in these areas can be strategic allies for co-ops and support them in the pursuit of “another development.” Local co-operatives achieve global reach through national and international associations. Many co-ops also belong to second- and third-tier organizations (federated structures and centrals), and through these they can co-operate with other co-ops to share information and sponsor research initiatives.

The social preconditions for SD include reduced inequality and workable arrangements for equitably apportioning costs and benefits. Enfranchisement of marginalized groups is an important condition for a sustainable society and has been linked in many places to the sustainable use of natural resources (UNRISD 1994). As more people participate in the allocation and management of resources, their skills and creativity are more fully engaged (Sen 1999). Co-operatives help to reduce inequality by promoting economic participation and the empowerment of excluded or exploited groups. Co-operatives promote economic democracy through sharing of ownership and control, and they provide an organizational structure for pooling investments and sharing gains from environmentally responsible practices.

Partnerships are key ingredients in successful regional economic development. Co-operatives frequently serve as brokering partners in alliances or partnerships that include public- and private-sector organiza-

tions (Ortíz and Luis 1994; Hammond Ketilson et al. 1998). Co-operatives often enjoy a level of trust from nongovernmental organizations (NGOs), state agencies, and private-sector firms. As intermediaries, co-ops can provide co-ordination and communications among various players and among diverse social and economic interests (Piore 2001). As intermediaries and facilitators, co-ops develop their own capacities and access new strategic resources. In the realm of consumption, there is also much room for innovative arrangements to support sharing or joint ownership of real estate, tools, and toys. Sharing resources and equipment in new ways requires organizational arrangements that breed trust, confidence, and security. This is the kind of facilitative intermediary role for which co-operative arrangements are well suited.¹¹

Sustainable development substitutes knowledge and management for other inputs. This requires adaptive learning and engaged workers and managers. Some forms of co-operatives have demonstrated their aptitude for mobilizing and reproducing such workforces. Co-operatives have the organizational capacity for communication, education, and training, and can serve as networks for generating, sharing, systematizing, and validating local knowledge (see Sillitoe 1998). Co-operatives are also a channel through which governments and nongovernment organizations can efficiently deliver training, credit, and technical assistance. These key development roles give co-ops contacts, access, legitimacy, and resources that few other firms or organizations can hope to duplicate.

The theoretical advantages and potentials of co-operatives inventoried here have all been demonstrated, at least to some degree, in various settings and contexts. The challenge is to translate this potential into more realized projects and realized co-operative advantage. It has been argued that co-ops are good for the environment, but is the environment good for co-ops? Co-operatives face serious economic competition in the globalized marketplace, and they face special social challenges in a climate of individualization and disengagement. Robust forms of membership (as opposed to the empty forms proffered by some other commercial concerns) can provide co-operatives with a strong form of differentiation and a strong foundation for successfully pursuing other development trajectories — both for the enterprise and for the region. Yet

membership today is very much in flux and must be renewed and reproduced in a manner consistent with contemporary concerns and sensibilities. The following section again combines conceptual, theoretical lines of argument with insights gained from studying successful co-operatives. The intent is to highlight strategies and pathways to sustainable development that capitalize on the unique social and economic capacities of co-operatives. These themes are further pursued and expanded on in the final section.

Strategies and Pathways for Sustainable Co-operation

GIVEN THEIR INTERNAL DYNAMICS and logic, and given their strong links with members and communities and with other proactive organizations, co-operatives may be capable of significant progress on SD initiatives — moving further than their corporate competitors and to greater strategic advantage. Like other enterprises, co-ops working in resource-based sectors benefit when they achieve high levels of environmental management, turning a potential liability into a public and internal relations asset. Like other firms, they also save money when they recycle materials and reduce expenditures on inputs. Co-ops, however, have some unique opportunities. Strong links among producer-members, processing activities, and customers allow some natural-resource-sector co-operatives to mandate and to capture the benefits of sustainable practices. Selling finished products with guarantees pertaining to production methods allows such co-operatives to generate premiums that translate into increased returns to members and more operating capital for the enterprise.

SD agendas have been successfully adopted by established co-operatives, but they can face special challenges in changing the “corporate culture” and in enlisting support for new approaches. Combined with

rigidities stemming from commitments to existing technologies and practices, cultural lag will be an important impediment if there is not a serious engagement with education to ensure that all stakeholders can embrace the need for a new paradigm and contribute to its elaboration (see Fairbairn 2002). New co-ops may have certain advantages in moving forward on SD agendas. They can be organized with the specific intent to be proactive on such matters, and they can start out with the endorsement and support of members who are fully aware of the orientation and intent of co-op founders and managers.

Successfully adopting an expanded SD program while maintaining good member relations and the financial health of the co-operative will depend on the ability to put into play strategies that yield important synergies and complementarities. This means attending to the interconnected stuff of viability and vitality in the co-operative double helix of enterprise and organization. A “whole co-op” approach may be the most appropriate strategy. Economic, social, and environmental issues must be reconnected, by words and deeds, in ways that are meaningful and systemically coherent. This cannot work if pursued in a fragmented and inconsistent manner. It will be necessary to integrate all facets of the operation and to promote and support holistic frameworks for accounting and evaluation.

A whole co-op approach promotes the identity of the organization as a co-op and will help members to see the co-op as being different and making a difference in the region. It will be useful in marketing the co-operative advantage (see Ferguson 1996; Jorgensen 2002) and in branding the co-op as a reliable partner and trustworthy supplier of sustainable products and solutions.¹² It will be helpful in (re)presenting the co-operative and its services to stakeholders (both nearer to and farther from the stake). The prospective audiences include active and inactive members, nonmember patrons, managers and other employees, suppliers and creditors, local and senior levels of government, sister co-operatives and other potential business partners, nongovernment organizations and community groups, and all other present or would-be users, investors, or supporters.

The need for a whole co-op approach is encapsulated in the idea of articulated development. Articulation has several noteworthy meanings in this regard. First, it refers to a dynamic linkage and connectivity between parts of a structure or a mechanical or economic system. In the development literature, articulated development refers particularly to the necessary sequence of production and market-clearing effective demand as found in a national economy in which wages are high enough that workers can afford to purchase what they produce. Here, the idea is used more generally to emphasize the need for attention to linkages and to complementary activities and beneficial joint products (outputs or practices that give rise to additional ecological and social as well as financial payoffs).

In systems language, articulation implies the operation of feedback mechanisms that reward efforts to further broadly defined (and measured) goals, as opposed to single-minded pursuit of narrowly defined production or marketing objectives. The latter kind of restricted focus or “tunnel vision” results in short cuts and the offloading of responsibilities and organizationally relevant concerns that, by one route or another, frequently come back to haunt.

One other important meaning conveyed by articulated development is the need to articulate, discuss, and explore organizational goals and approaches. Given the novel aspects of SD, it will be essential to develop the organizational capacity to explain and apply the concepts and frameworks. This will require new networks in which ideas about sustainable production and consumption can be discussed and refined (Saxena 1995). Vision is indispensable, but not vision in any static or formulaic sense. It will be important to imagine options, to experiment, and to communicate the realized potential of alternative paradigms of co-operative enterprise.

Co-operatives and Transformative Change

THE ENVIRONMENTAL AND SOCIAL STRAINS associated with contemporary forms of development emanate from multiple roots and interconnecting causal pathways. In our culture, consumption stands in for other human aspirations, needs, and pleasures. Because we live in a state of nervous insecurity, because many lack meaningful work, because commercial industrial modes of development have tended to fragment experience and to render life less meaningful, we retreat into hyperconsumption.¹³ While our consumerism is sometimes the engaged, questioning, and critical type, more often it is the uninformed, uncritical, and impulsive kind, and it leaves us more empty, isolated, and needy.

Unfortunately, this may not be an incidental and unwanted side-effect of economic and social development under capitalism (O'Connor 1994). While our hyperconsumption tends to be unhealthy for us and for our environment, it appears to be healthy for our economic system. The leaders at the helm of private and public bureaucracies view it as a crisis any time the pace of consumption slackens. Environmental destruction looks unavoidable and inevitable given that individual psyches and the larger system both seem to be addicted to expanded consumption.

Sustainable consumption will require many kinds of organizational innovation that make it consistent with a highly valued and widely perceived quality of life. People in affluent societies will not readily abandon the mobility and independence, the choice and variety, the space and privacy, or the ease of lifestyles that we associate with advanced modernity and the most developed forms of industrial capitalism. The challenge is to meet many of these same needs and desires without sacrificing

the planet, and in a manner that allows much broader sharing of the benefits — both within and among societies. To be sustainable socially and politically, SD must be more than tolerable. It must be attractive and sustain us in significant ways.

Unlike the strictly biological processes of organic development, socio-economic development involves multiple, open-ended processes that are shaped by the imagination, endeavours, and decisions of engaged social actors (Sachs 1999, 25–36). It is axiomatic, therefore, that realizing the fuller potential of co-operatives with respect to SD involves an active and self-conscious reframing of issues. Co-operators will need to join debates over core concepts and meanings and over the revision of evaluative constructs to render critical dimensions of organizational activity more apparent (Mooney et al. 1996). Success depends on work to redevelop co-operatives but also on efforts to reorient other organizations and institutions so that they will be more reliable promoters of co-operative approaches to SD.

The potential contribution of co-operatives in respect to a transition to sustainable production and consumption hinges partly on the utility of co-operatives for promoting and sustaining alternative discourses and identities. Identities come with new expectations as to normal conduct, and with cultures — tool-kits and stories — that help us to make important transitions. Profound changes can occur when we interact with people who can provide an alternative rationale and discourse and when there is an adequate framework for elaborating and supporting a new identity. Given appropriate models, information, and reinforcement, individuals can make dramatic changes — switching to new diets, quitting addictive drugs, renouncing worldly wealth, travelling to remote places to give humanitarian assistance, or preparing for war.

Many decisions seem natural and unproblematic once we have chosen a different path. Taking on some new and significant identity is frequently the key step. Typically this means adding one more important identity rather than abandoning all of our former identities. When this occurs, people can successfully change their behaviours in ways that they themselves may find surprising. We reorient our lives in ways that bring

our practices into accord with new identities, thus reducing cognitive dissonance. This can happen faster and more reliably if there is a supporting organizational structure that provides useful information, resources, and camaraderie.

One well-known example from the world of co-operatives is the experience of people who joined the kibbutz movement. The power of the kibbutz to transform lay in its ability to provide and sustain a different discourse, including a whole array of alternative ideologies with respect to work, property, family life, community, and service. As part of a strong movement, the kibbutz could provide its members with a framework for a substantial transformation in identity. As they embraced this new kibbutz identity, joiners found it relatively easy to take on new roles, projects, worldviews, and lifestyles.¹⁴

Co-operatives are well placed to facilitate the dialogue necessary to shift cultures. They can help to sponsor “a system of effective community discourse” that frees a community from unsustainable practices and leads to appropriate adaptation and innovation (Walter 2003). Co-operatives can and do promote a new cognitive praxis: the dynamic interaction of ideas and experience through which people realize the potential of approaches and modes of operation that they had not ever considered or believed workable — a transformation in world-views about what is desirable and possible (Hassanein and Kloppenburg, Jr. 1995).

Can co-operatives or similar forms of associative enterprise help us to invent and implement more sustainable forms of development? When co-operatives focus on building skills and capacities and on empowering us as members and as citizens, they help us to discover alternate routes to advancement and fulfilment. By offering real options and alternatives, co-operatives address the alienation and disaffection that make many communities careless and wasteful of humanity as well as of the rest of nature. Inasmuch as sustainable development requires confidence, trust, commitment, mutuality, and social engagement, it is essential to adopt or invent organizational arrangements that promote the formation of social capital with lasting fundamental value. Co-operatives recommend themselves to this task and can benefit by responding to this historic opening.

Endnotes

1. Compared to corporations, co-operatives may be less subject to shareholder actions or the pressures of mutual-fund managers. Compared to major transnational firms, co-ops are less likely targets for boycotts given that their primary customers are also owners and given that they benefit from an image as grass-roots organizations. Co-operatives, however, are likely to be more heavily exposed to some constituencies that have no standing in the case of corporations. Co-op members can be compared to activist shareholders when they get actively involved in annual meetings and in the election of delegates and directors. In addition to conventional trade and sector organizations, co-operatives also belong to co-operative centrals and associations that provide training and leadership on issues ranging from gender equity to environmental audits.
2. Position papers and case studies can be viewed at www.wbcds.ch/.
3. See the International Network for Environmental Management, www.inem.org/.
4. At the end of 2001, the worldwide total of ISO 14000 environmental certificates stood at 36,765, an increase of 13,868 over 2000. See www.iso.ch/ for details on the ISO 14000 environmental standards. While these numbers are impressive, it should be noted that the criteria for certification have little to say about outcomes, e.g., the environmental acceptability of products or production processes. Certification hinges on the existence of a documented set of environmental procedures to which the enterprise adheres (Mendel 2002, 407–31).
5. Socially responsible mutual funds grew in 2002 when other categories

of funds contracted. Socially responsible funds in the United States posted net inflows of \$185 million in the first quarter of 2003, while diversified equity funds saw outflows of more than \$13 billion. Specific investment screens include proscriptions on alcohol, tobacco, gambling, weapons production, and animal testing, and preference for firms with safe and socially useful products as well as good records in areas such as environmental protection, labour relations, community investment, and human rights. Employment issues include occupational health and safety, profit-sharing programs, and family-friendly practices such as subsidized daycare facilities. See Social Investment Forum: www.socialinvest.org/.

6. These networks are more than an enlightened commercial reaction to consumer concerns about ecological destruction and unjust working relations. Fair trade organizations work closely with retailers, producers, and others in the commodity chain to develop know-how with respect to the environment, health, and alternative production practices. The fair trade movement includes at least 110 companies that sell only fairly traded products as defined by the Fair Trade Federation. Products handled include apparel, crafts, agricultural commodities, furniture, jewelry, musical instruments, rugs, and toys. See www.fairtradefederation.com.
7. Interest in consumption of high-quality, locally grown foods is reflected in the rapid growth of farmers' markets. According to the U.S. Department of Agriculture, there were 2,800 farmers' markets in the United States in 2000, an increase of 63 percent from 1994. Consumer organic food sales in the United States have grown between 15 and 21 percent annually since 1997, reaching \$13.8 billion in 2005 according to the annual survey conducted by the *Nutrition Business Journal* on behalf of the Organic Trade Association. In 2005, this represented 2.5 percent of total U.S. food sales, up from 0.8 percent in 1997 (for survey details see www.ota.com/pics/documents/short%20overview%20MMS.pdf).
8. This listing does not begin to do justice to the recent history of co-operatives that have taken on eco-social agendas in many other parts of

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the world. This includes, for example, production co-operatives in Latin America, agricultural co-ops in Korea, consumer co-ops in Japan, and forestry co-ops in India. Nor is there space to discuss the many social and environmental contributions of co-ops operating in the realms of financial services, health promotion, and artisanal production.

9. As important as projects of this kind may be for hazard mitigation and for gradually greening the culture of co-ops and their members, such approaches do not differentiate these firms from their non-co-op competition (at least in terms of the corporate leaders in environmental management and discourse). That would require an approach that goes further in terms of embracing ecological and social criteria for system reconception and redesign.
10. Earlier versions of some material presented here and in the following section first appeared in Gertler 2001b.
11. Co-operatives can use their consumer franchise and co-ordinating capacity to redesign production and manufacturing systems. An example is the Migros grocery chain in Switzerland, which employs technicians who work with farmers to produce foodstuffs with fewer health and environmental risks (Ruf 1997, 73–80).
12. To be successful in the long term, marketing the co-operative advantage will require educating and empowering members, customers, employees, and suppliers. This must include sharing information about the conditions of production and the parameters of quality. Many people now lack essential knowledge concerning the origins and preparation of basic foodstuffs, for example. Co-operatives could take a lead role in re-skilling consumers. This is a strategy that few private firms will be willing to fully emulate, in part because they have more incentive to keep consumers semiliterate when it comes to understanding the various components of quality, value, and cost (see Gabriel and Lang 1995).
13. Our consumption is hyperconsumption in that we consume at ever-higher levels (often beyond our means to judge from consumer debt), levels that have little to do with meeting basic needs or even desires.

Our consumption is hyper also in the sense that we consume in an anxious, agitated state, hoping that this consumption will buy us the serenity, wholeness, and satisfaction that we sense is missing. Many of the brightest minds are employed to invent clever ways to hype products to us in commercial messages that colonize our living spaces and our subconscious.

14. Another interesting example is provided by the movement to adopt intensive grazing systems based on principles of grassland ecology. One version of this approach is known as holistic resource management (Savory and Butterfield 1999). Prescribed technical changes are backed by social and psychological innovations designed to support the whole person and to provide a new social network and identity. The alternative system is promoted by a research centre and a newsletter, by major conferences and local meetings, and by encouraging families to participate and to associate with other practitioners. Families are invited to re-examine their personal and enterprise goals and to re-evaluate. Many sell off their equipment and convert cropland to grass.

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