

II. Detailed Description

a) Relevance and significance of research

The co-operative sector in Canada includes close to 9000 co-operatives with over 17 million members operating in a wide diversity of sectors such as financial services, retail, insurance, housing, agriculture, health care, and delivery of essential community services. While a growing community of academics in various fields of study has been actively researching this sector of the economy (see description of Partnerships and Alliances), this proposal grows in part out of an explicit recognition of knowledge gaps identified by both academics and the co-operative sector.¹ Intended to study the value added by co-operatives in Canadian communities, this proposed CURA is expected to contribute extensively to new knowledge of the co-operative sector and its impact on society.

The purpose of co-operative business differs from other organizations since co-operatives strive to meet member and community needs through mutual self help. Exemplifying collective rather than individual ownership, co-operatives are bottom-up organizations intended to add value to the community. Unlike other firms and organizations, they are guided by internationally recognized Co-operative Principles and Values (International Co-operative Alliance 1995 <http://www.ica.coop>), which, among other things, require that co-ops be democratically governed, that they emphasize member needs over profit, and they seek financing from their members. Combined with the values of self-help, solidarity, equality, equity and openness, the seven co-operative principles provide a reference point for nearly one million co-operatives operating worldwide. Co-operatives are seen as a fundamentally different type of enterprise – in ownership, control, and purpose (Novkovic 2008, Brown, 2008; Spear 2000). While Canadian co-operatives increasingly recognize that the co-operative values and principles offer a framework for a ‘co-operative way’ of doing business, it is also clear that some co-operatives operationalize this framework more effectively than others.² **The central questions in this research ask:** What is the precise nature of the co-operative difference? How can it be fostered? and What are the effects of the co-operative difference on the co-ops’ performance, their members and the broader community?

The contemporary context for business is one in which responsible business practices and standards take into account a Triple Bottom Line, where economic, social and environmental objectives are increasingly valued, mandated and even regulated. Co-ops are well positioned to meet these objectives, especially to the extent that they deepen and promote their commitment and expertise in delivering on the ‘co-operative difference’, including democratic governance and transparency. Yet there is a need for conceptual and empirical research on the subject of co-operative social responsibility and accountability, and performance measurement, specifically addressing the nature of co-operative distinctiveness. In this age of global crises and calls for greater responsibility by consumers, citizens and business, the co-operative sector faces an increased need to operationalize the ‘co-operative difference’, to measure the impacts of the co-operative form of business, and to assess what this means in their communities. Co-operative leaders and researchers alike recognize that merely being structured as a co-operative does not guarantee social and environmental responsibility, since obstacles can arise in governance, management education, member engagement and other areas (Restakis 2009). The lack of performance measures based in the co-operative principles has also been recognized as hampering the self-identification of the sector. The presumption that there is a co-operative difference can in fact hinder research and knowledge generation and dissemination about the impact of co-operatives on communities. While there has been some development in this field (Chouinard et al. 2009), there is a need to synthesize what is already

¹ The term ‘co-operative’ includes Credit Unions.

² Co-operatives, like other organizations, are not immune to ‘goal displacement’. The concept was raised as far back as 1915 by Robert Michels’ study of the German Social Democratic Party (1915) and Herbert Simon used a similar term to describe organizational behaviour (1957). More recently see Pestoff, 1999; Vinette 2009; Theriault et al 2003

known and used by the sector, and to develop new or adapted tools to measure these impacts. The relevance of the proposed research stems from the widespread reach of co-operative organizations across Canada, and their effect on communities in which they emerge (e.g. see Fairbairn and Russell, 2006 and forthcoming). The proposed CURA addresses some key questions and priorities of this current period in history (i.e. economic downturn, global crisis, crisis of communities, Triple Bottom Line business discourse and action), while addressing needs identified by co-operatives themselves beyond what is currently available.

The proposed research would inform the co-operative sector, the wider community, and policymakers on the sector's reach, and solutions it might offer to particular challenges – such as job creation, service provision, or mitigating market failures. The research will directly support co-operatives in addressing their priorities and measures of performance, while the triangulation of research results will provide a more nuanced and sophisticated understanding of the impacts of co-ops, or their need for improvement to fit with the perception of their impact and functioning. The proposed survey conducted in collaboration with the Federal Government's Co-operatives Secretariat is particularly important given its potential to produce significant data about the impact of co-operatives, and to ensure wide dissemination of this information. Overall, the resulting body of research is expected to make a significant contribution to the development of co-op theory, and course curriculum in our academic institutions.

b) Objectives

1) Produce and disseminate knowledge about the co-operative form of organization within the wider economy, with particular focus on the social, environmental and economic impacts of co-operatives (attention will be given to comparative performance of co-operatives where feasible); 2) Create tools to measure the value added by co-operatives, and use tools that include co-operative principles and values to capture the 'co-operative difference'; 3) Deepen existing linkages and networks within the co-operative movement (at academic, community, national and provincial levels), and / or initiate networks of co-operatives within the social economy around common issues; 4) Inform public policy on the role and value of co-operatives in meeting social, economic and environmental goals within a public and social policy context; and 5) Build capacity within academia and co-operatives (especially the various second and third tier co-operatives) to frame an operationalized understanding of the ICA principles, and to measure social and environmental as well as financial performance.

c) Overview of key activities to meet research objectives

CURA Objectives	Project activities that relate to the objectives	Project
<i>01. Produce and disseminate knowledge on triple bottom line in co-ops</i>	Verification of the extent to which Social and environmental accounting and reporting practices (SEAR) in co-operatives shows a co-operative difference by collecting subjective, reputational and objective data.	P1
	Preliminary analysis of the Co-op Index and diagnostic data collection and analysis from workers co-ops	P2
	Documenting products, programs and services provided by credit unions, including production of 3 case studies	P3
	Conducting a survey on household-level income, skills development, and social capital in co-op housing, employing longitudinal research.	P4
	National survey on co-operative impact on community, and case studies, using paired comparisons of co-operative and non-co-op organizational models.	P5
	Additional questions on the CS survey focused on co-op longevity and contributions in jobs and economic activity; and use of comparative info	P7

	Using the data developed by the Co-operative Development Initiative (CDI)	P8
	Examining the value of national federations in increasing the success and contributions of individual co-operatives.	P9
	Contributing to the literature on the theory of co-operative firms	P10
<i>O2. Build tools and methodology to measure the value added by co-ops</i>	Testing the triple bottom line model of social, environmental and economic performance.	P1
	Development and improvement of the Co-opIndex diagnostic tool.	P2
	Calculating the impact of credit union programs and services on members' well being, financial stability, asset / wealth-building, and skill development.	P3
	Examining the potential economic and social effects of co-operative housing, and developing easy-to-administer tools for measuring co-op housing impact.	P4
	Employing co-operative inquiry as a method of research and questionnaires to measure the quantitative and qualitative impact of co-ops.	P5
	Consultation with Statistics Canada to develop and administer the new instrument.	P7
	Introduction of semi-structured interviews with co-op developer	P8
<i>O3. Deepen the networks within the co-op movement</i>	Encouraging co-ops to clarify and measure their performance according to the SEAR perspective.	P1
	Expanding the scope of the tool to consumer, agricultural, housing and multi-stakeholder co-ops.	P2
	Informing the co-op community on the internal factors that inhibit or foster the development of regional co-ops	P5
	Examining the possible forms of mutual help among different types of co-operatives.	P6
	Analysis and dissemination of research results in the co-operative movement.	P7
	Fostering partnerships between the academics and the community partners.	P8
	Examining the potential for as well as the emergence of new national co-operative federations.	P9
<i>O4. Inform public policy on the value of co-ops</i>	Popularizing knowledge on the triple bottom line model of performance	P1
	Importance of subjective value of democratic organizations	P2
	Reporting on the impact of credit unions on member and community wealth	P3
	Comparison of co-op housing and other forms of affordable housing	P4
	Reporting the possible consequences of the 'co-operative difference' for policy making.	P5
	Reporting on policies that inhibit or enhance co-operative success (legislation, operating policies of co-op federations, and those adopted by co-operatives)	P6
	Informing public policy on the national data related to value added by co-operatives in agriculture, health care and housing sectors.	P9
	Policy implications of the theoretical outcomes	P10
<i>O5. Embed the ICA principles</i>	Outlining the relation between SEAR and ICA principles	P1
	Diagnosis of the adherence to co-op values and principles.	P2
	Examining the financial, social and environmental consequences of applying ICA principles.	P5
	Understanding long-termed and multi-faceted performance of co-operatives.	P7
	Understanding social impact of co-ops, theory of the co-operative firm	P10

d) Research strategies and methodologies

The proposed methodology is based on principles of co-operative inquiry (Heron, 1996), where research is conducted *with*, rather than *on*, interested parties (partners in CURA). In co-operative inquiry the detached role of researchers is replaced by a relationship of participation, so that all stakeholders can be both researchers and subjects, and participate equitably in the research design. The academics and community partners have agreed to divide their research into FOUR research clusters. Three projects will be led by the Saint Mary's University (in partnership with Mount Saint Vincent University) Cluster, the University of Saskatchewan will lead 2 projects as will the University of Victoria. CCA will be responsible for a National Cluster 4. Participants in a cluster are drawn from all team members who want to be part of that cluster's research focus. Many partners in this application have experience with a participatory approach through their engagement in other CURAs involving co-operatives. For examples from this growing literature see <http://www.msvu.ca/socialeconomyatlantic/English /CURAsE.asp> This approach has produced trust and equality among the partners, both paramount to achieving the overall objectives of the CURA program. Some clusters' research has been piloted prior to the start of this CURA, or has been initiated within the CURA on the Social Economy (2005-2010). In those cases, development of methodology is in advanced stages. In other clusters, partners will engage in discussions about the most appropriate ways to approach their research questions. However, discussions to date allow at least a general description of data collection and analysis for each of the projects below. While there are likely to be some changes of detail over the course of the projects, the research partners have all agreed to participatory approaches based on principles of co-operative inquiry, and to the commitments below. The overarching question for all projects is: What is the value added by co-operatives to Canadian communities and society; and what is their economic, social, and environmental impact? Each project will approach this theme as appropriate to its own setting. The individual research projects (P1-P10) are listed below, highlighting their specific research questions and proposed methodology:

P1. Social and environmental accounting and reporting practices (SEAR) in co-operatives: *Saint Mary's University and Mount Saint Vincent University Cluster*

Building on research conducted as part of the Southern Ontario CURA on the SE (in which a co-operative SEAR tool was developed), and going considerably beyond it, this project will support the ongoing efforts of co-operatives to measure their performance from a triple bottom line perspective and to incorporate these findings into strategic planning and ongoing operations and governance. It will also look at the extent to which SEAR shows a 'co-operative difference', and if so, what that difference is. The data sources accessed in this project are subjective (self-assessments such as internal social accountability reports or reflections of respondents, claims regarding corporate social responsibility and the 'co-operative difference'), reputational (survey and/or interview data collecting data on measures regarding image, trust, satisfaction, etc.), and objective (e.g. data from externally verified social accountability reports, and other formal sources of information on the co-ops studied). More specifically:

- a)** For co-ops that already do some form of social reporting (Years 1 - 3):
- i) What can we learn from these reports about the social, economic and environmental impacts of the co-ops on their communities and their networks? What measures are being used, and are they adequate? How could they be improved? Methods: review all relevant reports publicly available in Canada.
 - ii) What are the impacts on the co-op of doing SEAR and what factors increase the likelihood that SEAR will be embedded in positive ways across the organization? Methods: Start first with the information in the reports, then sample the co-ops and conduct interviews with key informants; possibly survey other stakeholders. Work with Co-op Atl co-ops, CEARC, CMEC, and other interested partners.
- b)** Taking into consideration variations across individual co-operatives, how can co-ops be supported in SEAR initiatives? (Years 3-4) Methods: Pair the sample co-ops above with matches that do not engage

in SEAR. Conduct interviews in the non-SEAR co-ops (Board, management) to parallel those in the co-ops that do social accounting and reporting.

c) Explore whether or not there are differences in impacts for co-operatives compared with CSR-oriented investor-owned businesses (comparing goals, audiences, tone, verification strategies, use of the report, control structures/accountability, demonstrable impacts on communities, etc.). In other words, is there a 'co-operative difference' from the perspective of the reports? (Year 4-5). Methods: sources already identified above, plus interviews with provincial/regional/national associations, and web search and literature for other businesses that do reports; analyse published reports, and possibly follow up with interviews; content analysis will use NVivo software.

P2. Diagnosing co-operatives for member / employee participation and its impact on performance: *Saint Mary's University and Mount Saint Vincent University Cluster*

The Co-opIndex tool was developed with funding from the Social Economy CURA, Canadian Worker Co-operative Federation (CWCF) and SMU to help worker co-operatives diagnose their performance in light of the co-operative principles and values, and to devise strategy to improve organizational performance to align it with the principles (Novkovic, Stocki and Hough, 2009; MacNamara 2008, 2009). This CURA project intends to adapt the tool for use by consumer, agricultural, housing, multi-stakeholder co-operatives, credit unions and other co-operatives to help address the following research questions: What is the 'co-operative difference' in terms of member attitudes and perceptions of work? To what extent are the co-operative values and principles adhered to in everyday operations of the firm, and how can co-ops use them as a competitive strategy? How does member and employee participation in the co-operative influence general life satisfaction, well-being and perceived community impact? The tool will ultimately allow comparisons of different types of co-operatives, as well as identify the co-operative difference in applying participatory practices and impacts, compared to other types of organizations. The first step in the tool improvement process involves a reliability and validity analysis of the questionnaire items, based on internal consistency of questionnaire dimensions (Cronbach's alpha; SPSS reliability coefficients). A preliminary analysis of the theoretical model, based on the linear regression analysis, will follow. A panel of partners involved in the project will then re-examine and re-evaluate the tool to further the adaptation and expansion process. The international co-op community will be engaged in applying the tool for data collection, with interest expressed by the Finnish, Italian, the UK and the US co-operative sectors, and this will be an important addition to the tool's development and statistical significance of data analysis. As part of the expansion of the Co-opIndex, further panels of experts will be organized in given areas – allowing both the involvement of relevant stakeholders and the adequacy of the research process, including tailoring the process to the needs and expectations of the academic and co-operative communities. An improved and expanded Co-opIndex will be a valuable tool for co-operatives, offering insights into their level of adherence to co-operative principles and values, and links with organizational performance. It can also provide insight into perceived impacts on the environment, community and individuals engaged with the co-operative, while offering the potential for comparative analysis with other types of organizations.

P3. Measuring the impact of credit unions on wealth building in communities: *University of Saskatchewan (USask) Cluster*

Credit unions are financial co-operatives that provide access to affordable financial services to their members. They are generally considered 'good neighbours' and 'community assets' because they operate democratically, support the needs of their members and surrounding communities, create a climate for community economic development, and 'give back' to their communities in a variety of ways. This study aims to better understand the precise benefits that credit unions provide their members and communities, and the specific ways that credit unions help their members create wealth, financial stability, well being and skills. Building on the approach in Gordon Nembhard 2008 and 2004, the project's focus is to define and measure the impact of credit unions on member and community wealth building. The primary research questions include: How can credit union asset building and wealth

accumulation be understood, identified and measured? What mechanisms and structures do credit unions use to facilitate asset building and wealth accumulation for its members? What kinds of assets do credit unions develop for their members and communities? How do credit unions contribute to community asset building and community development? These overarching questions were used to develop a specific set of interview questions in the pilot study conducted in 2009, focused on the following impacts of credit unions: Membership benefits; Staff volunteering; Community development; Skills development; Leadership development; and Asset building (e.g. savings accounts, investments and loans). A final survey instrument and interview questions will be developed in the first year of the CURA. The instrument will be used to continue to conduct research on other credit unions in Saskatchewan and across Canada. In addition, three case studies will be developed over the next five years based on the information obtained in the studies. Information will be gathered from publicly available sources (eg. Annual reports, websites, brochures), and interviews and focus group discussions with members, board members and employees. Qualitative data analysis software will be used for coding and ‘theming’ of the interview responses based on the major themes listed above. Further data analysis may also be conducted, such as a comparison of staff and member responses.

P4. Impact of co-operative housing on household income, skills and social capital: *USask Cluster*

This project will examine the economic and social impact of co-operative housing compared to other forms of affordable housing. Using a longitudinal design that includes both co-operative and non-co-operative housing initiatives, the study will examine how the organizational form affects individuals over time, as it relates to household income and expenditures, skills development and social capital. The project will use a survey instrument to collect quantitative data, with baseline data collected from individuals as they move into a new housing unit, and then on an annual basis for the duration of the project. The survey will use measures with established reliability and validity, and will seek information on basic socio-demographic characteristics as well as household expenditures, skills development and social capital. Comparable data will be gathered from non-co-operative housing initiatives in order to compare the co-operative model to other organizational forms (e.g. non-profit and municipal). The research team also aims to develop a simple and easy-to-administer tool that can be used by housing co-operatives and other social economy organizations across the country, along with a document describing the ‘how-tos’ of collecting data in this manner. This research seeks to inform public policy on the role and value of co-operatives in meeting social and economic goals within a public and social policy context, as well as inform the academic literature on housing and the social economy. To date, research on housing co-operatives has been theoretical, or has focused on single cases of housing co-operatives.

P5. Impact of co-operatives on community – financial, social and environmental: *University of Victoria (UVic) Cluster*

The overall goal of this project is to identify and quantify, as appropriate, the co-operative advantage, and identify ways in which the co-operative model may be broadened and strengthened. Methodology includes quantitative, qualitative and comparative approaches to be undertaken at the national and regional level, allowing for coherence in the measurement tools. In addition to the national survey in co-ordination with other Canadian research centres and under the leadership of CCA, the BC research team will conduct:

- Surveys and questionnaires, with open and closed questions to measure the quantitative and qualitative impact of co-ops in the region.
- Secondary data analysis with regards to creation of co-ops, policy and internal factors that inhibit and or foster the development of the sector in the region.
- Case studies using paired comparisons of co-operative and non-co-op organizational models.
- Co-operative inquiry, in particular to explore: How can one engender a broad sense of co-operative involvement, moving beyond sector-specific involvement (e.g. in a consumer co-op) that people might be drawn into? Do co-operative initiatives take advantage of existing social capital to broaden the co-operative approach (e.g. informal markets, ad hoc childcare, mobilizing for social action).

P6. Infrastructure support for co-operatives: *UVic Cluster*

This project will examine what forms of support are available for co-operatives in comparison with businesses of other types at various stages of development. Key research questions around these comparisons are: How can we best address the gaps in financial support for co-operative development; What kinds of policies inhibit or, on the other hand, enhance co-operative success and impact (policies including legislation, operating policies of co-op federations, and policies adopted by particular co-operatives); and, to what extent do co-operatives organize themselves into formal or informal associations to support common goals? This research will build upon the findings emerging from a knowledge mobilization project that engages several regional co-operative associations in BC, as well as on research that has been conducted on the development of regional co-operative systems in Nova Scotia (Soots, n.d.) and Emilia Romagna, Italy (Restakis 2009). Despite a move in select regions to self-organize, there is little information on the comparative structure of these groups and traditional business groups – or research on the relative impact of sector-specific or cross-sector organizations. Nor is there clear information on the ability of these groups to impact the policies that inhibit and enhance co-operatives existence and success. The methodology will include: (a) a literature review, examining actual policies concerning financial support, legislation, regional and community bodies; (b) focus groups; and (c) surveys and interviews. The first component of the research shall borrow from Dorothy Smith's (2006) *Institutional Ethnography*, and have the co-operatives discover and identify inhibiting and enabling policies that impact their organizations. The second component will look at similar policies and structures in the traditional business sector. This comparative perspective will provide guidance on what policies and structures may need to be changed in order to have a more thriving co-operative sector, as well as documenting any specific structures or policies that are already strengthening the co-operative sector in select regions.

P7. Survey of co-operatives - measuring longevity, social and economic impact: *National Cluster*

Each year the Co-operatives Secretariat, based in Agriculture and Agri-food Canada, carries out a national survey of Canada's non-financial co-operatives, typically receiving over 5600 responses from the estimated 8800 total co-operatives in Canada. The Co-operatives Secretariat has expressed interest in adding questions to this survey to support the objectives of the CURA for its 4-year duration. The research team therefore plans to examine the impact of co-operatives in terms of their longevity in different sectors, their contribution to jobs and economic activity, and the value added by the co-operative compared to non-co-operative business models. The staff of the Co-op Secretariat will work with Luc Theriault (a survey expert) and possibly in consultation with Statistics Canada, to develop and administer the new instrument and analyse and disseminate the results. The results would be examined in terms of national, provincial and sector responses and will be tracked over the four-year period. The quantitative results will be augmented by qualitative interviews with a representative sample of the respondents.

P8. Co-operative Development Initiative (CDI) and innovation: *National Cluster*

The Co-operative Development Initiative (CDI) is a four-year, \$16 million partnership program funded by Agriculture and Agri-Food Canada and co-managed by CCA and its francophone partner, le Conseil canadien de la coopération et de la mutualité (CCCM) to help develop new and emerging co-operatives and innovative co-operative projects. This program began April 1, 2009 and will end March 31, 2013, directly overlapping with this research project. The research team will use the database developed by CDI program to address questions such as the following: In which sectors are new co-operatives developing? Where are these sectors in terms of geography, language (English or French) or immigrant origins? Why have groups chosen the co-operative model as opposed to traditional private sector or traditional non-profit organization? In addition to use of the CDI database, the researchers will conduct semi-structured interviews with co-op applicants and co-op developers and then analyse responses thematically to better understand the successes and challenges of the CDI in promoting innovation. Specific questions will be developed in partnership with the academics and the community partners in

the spirit of co-operative inquiry underlying the CURA, and based on previous research conducted in Canada and internationally. Researchers will also be able to track applicants for the contributions program, numbering some 400 per year.

P9. Examining the value and potential of National Co-op Sector Federations: *National Cluster*

This project will examine the potential for new national co-operative federations and their value in terms of increasing the success and contributions of individual co-operatives. The study would include the following sectors: Agriculture: The research will examine why, unlike most other countries, Canada has no national agriculture federation of co-operatives although there are over 1200 agricultural co-operatives across the country. (Québec has a strong federation, La Coop Fédérée, but there is no counterpart outside of Québec.) The project will build on initial research on this theme was carried out in the fall/winter of 2008-09 as part of the federally-funded Agricultural Co-operative Development Initiative (Ag CDI). The earlier research identified common needs of agricultural co-operatives, including training and education, and networking. This project will how a support structure works in Quebec and in other countries to help address these needs. Health Care: Again, a federation exists in Québec and in Saskatchewan, but not at the national level. This project would attempt to understand the potential value of a national federation and why one has not been established to date. Housing: The Co-operative Housing Federation of Canada is a successful national federation serving most of Canada's housing co-operatives and co-operative housing associations. What has been the value added by this national federation, and how has it contributed to the role of the co-operative housing as a successful alternative to municipal social housing?

P10. Theoretical advances in economic and management models: *St. Mary's University and Mount Saint Vincent University*

The research team will contribute to the literature on the theory of labour-managed and co-operative firms, based on the behaviour of co-operatives observed in the research of this CURA. In particular, the researchers will use the dual motive theory (Corey and Lynne, 2009) as the underlying concept that describes individual behaviour (as opposed to rational self-interest), to construct the co-operative outcomes long neglected in economic and management literature. Particular attention will be given to social impacts. This work will build on the currently prevailing, and inadequate, theory of the co-operative firm rooted in the Ward 1958 model, and its criticisms (see Dow 2003).

e) Project outputs

This proposed CURA will produce a number of outputs accessible to the academic community and co-op practitioners. Intended to enhance knowledge of co-operatives and their value to communities, these products will be used by co-operatives to educate their members and the wider community, and to improve their performance in the area of social and environmental responsibility. In addition to outputs indicated in the **Communication of Results** section of this application, the project will result in: TOOLS: The Co-opIndex diagnostic tool (**P2**) will be available to the worker co-operative sector in year 1 and to other sectors (CUs, agri-co-ops, consumer co-ops) soon after. This tool can be used in strategic planning, and to link the co-op principles and values and participatory structures to business performance. It can also be a valuable service that co-operative federations can offer to their members. **P3** will produce a tool to measure the impact of Credit Unions on community wealth in years 2-3 of the CURA, with testing stages in years 1-2. **P4** will develop a tool for the Co-op housing sector to measure its impact on household income, skills and social capital. KNOWLEDGE AND CAPACITY BUILDING: All projects will use a variety of forms and forums to discuss research questions and findings. In the spirit of co-operative inquiry, innovative ideas and learning processes will be generated in dialogue between partners in the CURA. Training in various tools will be provided to all involved, and capacity to use the products of research will be increased through participatory approaches, where 'buy-in' and 'ownership' of the outputs becomes automatic. DATA: With the exception of P8 and P10, all projects will produce valuable datasets that will be made available to researchers across the country.