

Participation and economic growth in cooperatives: Empirical explorations of a (supposedly) well-known relationship

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Short abstract

In the present paper we focus on the question to what extent co-operatives can be regarded as participatory forms of organization – as they are often represented – despite the growth-effects. For this, we draw on conceptual as well as empirical material. Whereas the previous research raises serious doubts concerning the role model of cooperatives as participatory firms, the results of our case studies suggest that given the considerable heterogeneity of the cooperatives a differentiated approach is necessary. For example, it turns out that the concrete forms of participation practiced in cooperatives are not only strongly influenced by the size of the organization, but are also shaped by the prevailing organizational identity and by the subscribed identity to the members of cooperatives. Instead of glorifying cooperatives as an institutionalized form of an alternative and de-growth oriented economy, the aim of this paper is twofold: first, to consider critically participative potential cooperatives supposedly or practically provide and, second, to initiate a discussion on the relevance of economic participation for post-growth practices.

Extended abstract

Research problem

Cooperatives are considered as having a prominent position regarding participatory forms of organizing. The principle "one man - one vote" which is the main feature of cooperative organizations seems to certificate them as purely participatory and democratic. Not least because of this, cooperatives enjoy a lot of attention in the discussion regarding alternative concepts of economy, since they seem to represent an institutionalized alternative to the often hierarchical structures of traditional capitalist companies (Allgeier 2011, Vogt 2013). However, previous theoretical concepts as well as empirical studies raise significant concerns regarding the prominent position of cooperatives as truly participative organizations. For example, the "successive de-democratization" as a result of the management of cooperative (Ringle 1990) as well as the "apathy of members" (Patera 1980) are criticized. Some participation practices are even regarded as a "farce" (Bonus 1994), since in the large cooperatives they barely exceed ritualized members' voting on the basis of the ready-made lists of their representatives

In short, the empirical research on participation in cooperatives neither suggests that this kind of organization cannot be regarded as stronghold of lively participation nor that cooperatives solely produce facades of participation. According to previous studies both

opposites can be observed here: cooperatives practise ritualized and formalized participation because of coercive pressures made by legal requirements. At the same time there exist numerous informal forms of participation, for example in form of direct personal communication between the management and members of the cooperative. However, the recent empirical research can hardly reflect the large width of participative practices in cooperatives, since most scholars have dealt with large service cooperatives, such as cooperative banks. Whether similar forms of participation can be observed in smaller cooperative organizations or in producers' cooperatives, is still to be clarified.

Method

In this paper, first results gained from case studies made on the basis of qualitative interviews in cooperatives will be presented. In particular, the analysis refers (up to now) to four cooperatives: two wine cooperatives, a bakery cooperative and an art cooperative. Three of the organizations are located in Saxony and Thuringia and one cooperative stems from Baden- Württemberg. Whereas winery and bakery count between 150 and 440 members and accordingly can be considered as larger cooperatives, the art cooperative is a small organization counting at the time of the study six members. The main goal of all cooperatives considered was to support their members either in terms of providing purchase benefits for their members, such as in case of bakery cooperative, or in terms of manufacturing and advertising of the joint product, such as wine or studios for rent in the art cooperative. The results draw on the perspective of members as well as of management, since in three cases we interviewed management representatives of the cooperatives (board member, managing director or dean of sales and marketing) and in one interview we talked with a former member of the cooperative. All interviews were recorded and written down; the transcripts were qualitatively analyzed using the software NVivo 10.

First results and discussion

The results show a wide range of forms of participation which can be observed in cooperatives. The practices of participation range from a highly conscious decision in favour of participation of all members and daily maintaining participatory decision-making despite considerable frictions and tensions resulting from it, through participation as a ceremonial ritual of the whole community of members to the participation as a necessary evil tolerated by the management.

It turns out that observed practices of participation correspond to the identity and self-understanding of the cooperative as well as its membership. If economically-driven identity is prevailing and cooperation between the cooperative and its members is constrained to the exchange of economic goods, forms of participation can be found which are completely subjected to the economic goals; here, members can hardly exert political influence on decision making in cooperative. The only goal of participation is the economic optimization of the firm. In this case, more or less bureaucratized forms of participation can be observed, such as ritualized and non-dialogical general meetings, standardized member surveys or trainings for member firms initiated by the management of cooperative. In such contexts, members are provided by the cooperative management with a passive role of recipients or suppliers of information, which is preselected and formulated by management. Solely members of the governing boards, which are often persons with considerable economic

capital, are benefitting from participation rights. Participation practices used by other members were mainly reduced to complaining or refusing to support board decisions. Hence, only poor economic results or perceived injustices among members can provide a source for discussions. Otherwise members are ritualistically practicing connivance regarding decisions made by management.

There seems to be a high correspondence between the participation of members and that of the employees in the cooperatives. Especially in the second wine cooperative and the bakers' cooperative it could be observed that participation of employees show similar patterns and is subjected to similar logics as the participation practices on the side of members. The question of how this relationship is reflected on the level of concrete everyday practices or if employees' representatives take some advantages from participation rights of the members should be addressed in further studies. Furthermore, the case studies considered here show that participation practices are corresponding to the size of cooperatives: with an increasing size of cooperative these forms of participation become more frequent which serve economic purposes of the organization. Hence, this study supports similar findings of previous research (Koskivaara-Rautsola 1984, Flieger 1996). Regardless of the size of the cooperatives, the efforts of participation seem to produce numerous tensions in organization. In addition to the tension between economic efficiency and participation of members which was already addressed in the research studies, this study makes clear that there are tensions regarding the subscribed identity of cooperative members as participating actors or as customers. To what extent these tensions become evident in other cooperatives and what influences their solutions, remain questions for the cooperative research. Finally, in the context of discussions on the de-growth economy it could be questioned if struggle for economic domination of cooperatives induces an erosion of participatory practices and alignment to conventional corporate structures.

It should also be noted that given the very few and rather specific cooperatives which were examined in this study – cooperatives which rather belong to the "exotics" of the German cooperative landscape - , the results raise no claim to be representative. These findings have to be questioned and differentiated in further investigations.

References

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