

*member benefits
democracy*

community

education

Cohesion, Adhesion, and Identities in Co-operatives

BRETT FAIRBAIRN

January 2006

*autonomy
participation*



UNIVERSITY OF
SASKATCHEWAN

Centre for the Study
of Co-operatives

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**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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Introduction*

*I*F PEOPLE ARE TRULY CONCERNED about the negative aspects of globalization—loss of local control, the power of transnational corporations—then they should be attracted to local alternatives, local ownership, and community-based institutions. That thought was on my mind recently as I conducted interviews with managers, leaders, staff, and members in local retail co-operatives across western Canada. There is a proportion of co-op members who are clearly motivated by what some refer to as ideology or philosophy, who see co-operatives as a kind of crusade for community and for local control. These people's attitude to corporate globalization is not in doubt. But my initial impression is that, for the great majority, involvement with a local co-operative represents a diffuse bundle of characteristics, some of them quite practical or prosaic in nature. This should not be surprising. "Co-ops arise from need," say the leaders in the co-operative movement, a deceptively simple statement that covers some very complicated ideas. One thing "need" denotes is that co-ops generally provide immediate, practical, and often material services. In a fundamental way, a retail co-op is and must be *about* retailing—an agricultural co-op is about agriculture; a housing co-op is about housing; a credit union is about banking. They are not, on the surface, *about* being co-ops, are not *about* democracy or participation. After all, how many citizens (at least of the nonintelligentsia class) sit down and say, "What our town needs is more democracy: let's form a

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co-op!" To understand these institutions requires that one meet them on their terms, and begin with (in the case of my recent interviews) understanding their retailing, their merchandising, their marketing and promotions. To know a co-op, you must know its business.

But there is a remarkable subtext to co-operative enterprises. It became clear to me as I listened to people talk—people who had been employees of a co-op for just three weeks and others who had been members and leaders for more than fifty years—that there is a co-op difference, beneath the surface, that few people have the vocabulary to describe. Certainly the mid-twentieth-century rhetoric of the co-operative movement—the philosophy and ideology that some refer to—does a poor job of expressing the difference because it is so abstract in its idealism. I talked to staff members who had only a vague idea of what a co-op was and of how to compare their own organization to others. And yet they knew and could communicate that it was a good place to work, a place where individuals could develop themselves and go far—to the limits of their ambition and potential. A successful local co-op is these things because it is stable and diversified. It is stable and diversified because its “head office,” so to speak, is in the local community. It is not likely to be bought out by a competitor; it has a range and diversity of tasks to be done, decisions that must be made locally. It can be flexible, innovative, and entrepreneurial, because it does not receive its orders from a far-away corporate head office. It is all of these things because it is locally owned and voluntarily controlled by local people—in other words, because of its ownership structure as a co-operative.¹

The character of being a co-operative shapes the experience and the identities of staff and members, even when they lack the language to put the co-operative difference into words.

Do people know, even without words, what different kinds of institutions mean to the health and vibrancy of their communities? I suspect many do, to a certain extent. At root, this is a question of social cohesion. In some way, co-op members know they have a connection to their co-op, they have a connection to their communities, and their co-op and their community have connections to each other. It's like a triangle of

interactions and affective bonds that solidifies their concept of who and where they are. But this cohesive sense does not trump all other influences in their lives. Members daily make trade-offs, choose to patronize their co-operative and a competitor, and in effect, do a social-economic calculus in their heads. Will I patronize the co-op if it costs a few cents more? A few dollars? Tens of dollars? How do I weight the future value of a possible patronage refund, versus the present value of the sale offered by the competitor? Do I like shopping in a well-designed, well-maintained local store, or would I prefer the bare-bones warehouse style of the urban big-box outlet? There is a perception, and a fear, that price is the only thing that matters to people. If this is true, then perhaps WAL-MART must triumph, and we have our answer to how concerned people really are about corporate globalization. But whatever people say, we have considerable evidence that behaviour does not follow price alone. Local pride, local identity, competitive prices but not necessarily the lowest ones, have a chance. Cohesion has a chance, and maybe more than just a chance.

The purpose of this essay is to provide some partial answers to three questions. First, what is the concept of social cohesion that has been discussed in recent years by Canadian policymakers and academics? Second, how does thinking about social cohesion contribute to an understanding of co-operatives—of their internal processes and their roles in communities? Finally, what does an understanding of co-operatives say, in turn, about discussions of social cohesion? Posing the questions in this way is an effort to engage theory with practice—to ground highly abstract discussions in a specific sector where organizations experience and “do” social cohesion; to see how their experience suggests adapting or changing the theory; and to see what practical observations or proposals result from the exercise. For people in co-operatives and in policy-making positions, this is an opportunity for *praxis*, the mutual fitting together of theory and experience, or what some would call reflective practice.

Words make a difference. Especially in today’s world, the use of words is strategic. Certain words evoke assumptions, activate complexes

of related ideas in our minds, or imply concepts that guide our thinking. The use of certain words and the avoidance of others may be significant.

In relation to co-operatives, it is common to say that co-operatives serve “the community.” Often co-operative supporters will point out that co-ops have both “social” and “economic” aspects. Some have said that “co-operatives are people,” while others have stressed that “co-operatives are businesses.” All of these statements (and others) are true. Introducing a new term such as social cohesion is an opportunity to make connections between what co-ops do and what policymakers are interested in. At the same time, using a new term offers a chance to forego old debates and look at co-operatives in new ways.

I want to argue, below, that co-operative business success in an era of globalization depends on co-ops pursuing and implementing ideas of linkage, transparency, and cognition. Though these terms are themselves somewhat new, the ideas behind them are essential to co-operatives and similar organizations. I will also argue that the idea of social cohesion has something to do with how co-operatives can implement these ideas and succeed in business; and finally, that understanding co-operatives can lead to understanding social cohesion in new ways. First, it is important to define, as best we can, social cohesion itself.

Social Cohesion

THE TERM SOCIAL COHESION will be unfamiliar to many people, though it has come into common use in recent years in federal policy circles and among researchers in Canada. On a large scale—and many who have used the term are thinking on a large scale—social cohesion is about the cohesion of society itself: what holds together an entire society and enables it to function as a unit. Typically, cohesion at this level is seen as depending on broadly shared values and a common sense of national identity. Social cohesion, so conceived, is diffuse, but its effects are visible on a macro scale. Others study social

cohesion on a micro scale, as a phenomenon connected with what social-science researchers call social capital. In this view, individual people form relationships, trust one another, co-operate, and in so doing, give rise to social cohesion. The following discussion begins with Canadian perspectives on the term, then broadens into a wider examination of the international context and origins.

A useful recent discussion by economist Jeff Dayton-Johnson of Dalhousie University helps sort out some possible distinctions among these terms. Dayton-Johnson suggests that we can best think of social capital as an individual asset, rather like human capital. Individuals can invest in their human capital by acquiring training, skills, and experience. They can also invest in social capital by devoting time and energy to building relationships and reputations. The investment they make today in social capital helps give them a claim to the future returns resulting from co-operating in those relationships.² By contrast, Dayton-Johnson suggests we should regard social cohesion as a society-level characteristic that is inherent in populations, not individuals. Social cohesion is a kind of historical aggregate that results from individuals experiencing and perceiving each other's past investments in social capital. Dayton-Johnson also relates these two terms to the more familiar one of community, which he describes as a kind of state where information and social standards support co-operation. Community, in his view, is a stronger condition than individual calculation of benefit (social capital) or an abstract aggregation of individual decisions (social cohesion). While not all researchers follow Dayton-Johnson's usage, his synthesis is a good starting point for relating the new term social cohesion to other, more familiar terms.

The preceding discussion provides one useful definition of the terms, but equally important is to understand the context of the debate. Why do we see discussion of social cohesion now, and what is its importance? In 1998, Jane Jenson, writing for the Canadian Policy Research Networks (CPRN), argued that "concerns about social cohesion are a product of our times," a result of "serious social and political strains" created by neoliberal policies such as free trade, deregulation, downsizing of the state, and so on.³ Jenson traces the widespread use of the term social cohesion to

policy discussions in the Organization for Economic Co-operation and Development (OECD) and the European Union (EU). Reviewing the literature and use of the term, she suggests a definition of social cohesion as “shared values and commitment to a community.” Jenson’s language is reminiscent of the much-cited formulation of Judith Maxwell, who guides the CPRN: “Social cohesion involves building shared values and communities of interpretation, reducing disparities in wealth and income, and generally enabling people to have a sense that they are engaged in a common enterprise, facing shared challenges, and that they are members of the same community.”⁴

One can analyse the history of European thought during the emergence of modern society—in particular, the emergence of the discipline of sociology and its schools—in terms of ideas about what integrates a society under modern conditions. The OECD’s concern, described by Jenson, is then one historical instance of a long-standing worry about the impact of modernity and economic development on social stability. Jenson, too, traces the antecedents of the term, at least in (her exclusive focus) European and North American thinking. According to Jenson, since the nineteenth century, “each moment of rapid social change in which diversity threatened to overwhelm commonalities and restructuring menaced past political compromises” occasioned “explicit discussions of social cohesion.”⁵ She locates the term particularly in political sociology, citing authorities such as Émile Durkheim, Alexis de Tocqueville, and Talcott Parsons. For example, fear of fragmentation in nineteenth-century French society led to Durkheim’s sociology, and to the political doctrine of solidarism (or interclass harmony) based upon it. In France, solidarism and attendant social, political, and economic policies were a foundation of the long-lasting Third Republic (1876–1940).⁶ The search to define a modern form of social cohesion, then, is a search for a concept that, like solidarism, can underpin a new, long-term framework of national policies. To discuss social cohesion in relation to Canada implies a search for a new Canadian policy framework, a vision or a consensus that integrates and provides legitimacy.

This European-centred, intellectual, historical view of the term also helps explain why it is a subject of discussion now, at this moment in

history. The neoliberal policies to which Jenson refers cast into doubt the nation-state and the welfare state, which were (in large part) the twentieth-century West's answers to the challenge of social integration. If these institutions, upon which we relied for most of a century, are now shaky, then what other institutions can create cohesion? At the same time, we could ask how traditional societies—Aboriginal societies in Canada, for example—understood social cohesion. The latter exercise might lead us to root social cohesion in spirituality and relationship with the land, in stories and language, in respect for Elders and humility in one's own role. Beginning with a traditional understanding of social cohesion would certainly highlight the dilemma of modern European and Western societies: if these are the roots of social cohesion, how can it exist after they have been disturbed? Perhaps we can re-read the idea of social cohesion as a search for centredness and balance in imbalanced, unstable, modern (and postmodern) societies. This implies that one answer to the social-cohesion challenge may be to restore some of the things modern societies have lost—such as spirituality, relationship to the land, sacred stories, and so on—if this is possible.

As Jenson notes, the idea of social cohesion is used in different ways by different people. To help distinguish important aspects of social cohesion, she maps five dimensions of the concept: belonging/isolation; inclusion (or integration)/exclusion; participation/noninvolvement; recognition/rejection; and legitimacy/illegitimacy.⁷ Perhaps one could sum up by saying that social cohesion involves belonging, inclusion, participation, recognition, and legitimacy. While the first three of these concepts are intuitively fairly clear and (as Jenson notes) well studied at least in certain respects, her last two dimensions are less familiar. “Recognition” implies explicit public acceptance of groups that might otherwise be marginalized; in other words, it may not be enough merely that people feel they belong, are included, and participate. It may further be necessary that their belonging, etc., is publicly acknowledged or celebrated. “Legitimacy” appears to be used by Jenson as an attribute of necessary social-political institutions. She writes, “Social cohesion depends at least in part on maintaining the legitimacy of those public and private institutions that act as mediators and maintain the spaces within which media-

tion can occur. Social cohesion can be threatened by rising tides of cynicism or negativity that question the representativity of intermediary institutions, for example, or [by] sectarian forms of public discourse.”⁸

In reviewing academic and policy literature that touches on dimensions of social cohesion, Jenson identifies several large bodies of thought and practice. One of these is the discussion, especially in Québec, of *économie sociale*, or social economy. In Québec, the idea of the social economy serves as a focal point for both academic research and public policy. As defined by the October 1996 socio-economic summit (a conference of community and policy representatives convened by the government), the social economy is a sector of economic activity based on associations embodying solidarity, autonomy, and citizenship. These values are embodied in five principles: (1) service to members of the community; (2) autonomous management; (3) democratic decision making; (4) the primacy of persons and work over capital and profits; and (5) participation, empowerment, and individual or collective accountability.⁹ As Jenson observes, this school of thought stresses the importance of the economic basis of inclusion and participation. An underlying idea is that full citizenship and democracy require economic inclusion; that creating jobs for people is essential to social cohesion.¹⁰

Jenson also devotes considerable space to discussing current ideas of social capital as advanced by Robert Putnam and others, though she seems concerned to view such ideas critically and to question their importance and application. Briefly, Putnam argued that networks of relationships among people in communities constitute a kind of capital in the community, a resource that can be tapped for any number of new projects in the same way that financial capital is a fluid medium that can be invested in any kind of endeavour. In particular, Putnam highlighted the importance of trust. Relationships that develop trust over time permit those involved to go into action more quickly and easily when they perceive that something needs doing. In economic terms, the development of trust lowers the transaction costs for collective action thereafter.¹¹ Jenson’s questions about social capital seem principally to relate to the idea that it could replace institutional or governmental action; she also poses questions about whether it is necessarily fair or inclusive.

Behind Jenson's skepticism seems to lie a particular orientation: that the national level is important (and localities are suspect because they might undermine national-level cohesion); that federal policies and governmental institutions are important (we can't rely just on values and social capital); that community and cohesion are themselves suspicious (because they might mean violating rights of individuals). While Jenson phrases her criticisms as questions of the concept of social cohesion, she is also questioning locality, values, community, social capital, and their advocates. Both implicitly and to a degree explicitly, she is defending or advocating a culture of individual rights grounded in national institutions as a corrective or alternative to community, values, and social capital. Most urgently, however, Jenson repeatedly raises the issue of marginalization/exclusion. If social cohesion is to be meaningful, it must involve integrating those who are otherwise excluded, such as the poor, the jobless, those who suffer discrimination, and so on. One gets the sense that Jenson is wary of "feel-good" forms of social cohesion that may avoid tough social, economic, and political issues, and thereby serve, in the end, to reinforce a complacent status quo for the well off. (Rather like solidarism in late nineteenth and early twentieth-century France, one might say.)

The kind of doubts voiced by Jenson were made more explicit by Paul Bernard in a piece published in 1999, also by the CPRN. Bernard warned of social cohesion being employed as a "quasi-concept" that could lead to us addressing the shortcomings of neoliberalism through "a dose of compassion and a return to values rather than a correction of social inequalities and an institutional mediation of interests."¹² What social cohesion leaves out, according to Bernard, is equality, the inclusion and empowerment of the marginalized. Bernard, like Jenson, therefore argues "that what is important for social cohesion is less the sharing of common values than the presence of public institutions capable of adequately managing social conflicts."¹³ There are really two claims here that may in some ways need to be separated: first, that equality is important; second, that state action or institutional arrangements are the best way to guarantee it. Therefore, any interpretation of social cohesion that distracts from the importance of state or institutional action is unhelpful.

A glance at the European usage of the term social cohesion indicates that similar debates have occurred there, and in fact are central to the origins of the term. One of the earliest prominent uses was at a 1995 forum in Denmark sponsored by the United Nations Educational, Scientific, and Cultural Organization, the results of which were later distributed in a policy paper.¹⁴ At that point, social cohesion was already used as a phrase related to social justice; social cohesion was presented as the opposite of social exclusion. The argument at that time was about a need to “go from a logic of economic growth to a logic of social development,” reducing the short-term “dictatorship of economism” in order to draw attention to other, long-term aspects of quality of life. To accomplish this was seen in 1995 to involve changing people’s ways of life and re-examining cognitive structures, redefining the role of the state, “mending the social fabric,” and giving new meaning to democracy. Subsequently in October 1997, a Council of Europe summit of heads of state and government identified social cohesion as “one of the foremost needs of the wider Europe and an essential complement to the promotion of human rights and dignity”; this was followed by the creation of a European Committee for Social Cohesion.¹⁵ The committee adopted a new Strategy for Social Cohesion on 12 May 2000 in which it did not define the term, but it did propose “setting up mechanisms and institutions which will prevent the factors of division (such as an excessive gap between rich and poor or the multiple forms of discrimination) from becoming so acute as to endanger social harmony.” The strategy also prominently listed “the importance of decent and adequately remunerated employment,” combating poverty and social exclusion, social security, policy for families, and working with civil society bodies, “in particular trade unions, employers’ representatives and NGOs.”¹⁶ Newsletters and reports from various countries seem to indicate that the term was being used in a fashion roughly comparable to “social justice,” but perhaps less confrontational: reported social-cohesion initiatives dealt with subjects such as discrimination, low wages, unjust dismissal, and so forth.¹⁷ The usage of the term in Europe resembles the CPRN’s usage, then, in its conscious effort to maintain an emphasis on justice and equality as integral parts of social cohesion.

To return to Jenson, she does lay out elements for a research agenda

in that she defines some of the unanswered or contested questions about social cohesion, including the following:¹⁸

- what fosters social cohesion? Is all participation equal? Do people have to share in paid employment for social cohesion to exist, or is “any form of participation … sufficient to generate feelings of belonging”? Also, is it true that “shared values” are what create cohesion?—what about the role of institutions?
- can a country accumulate social capital? If social capital collects in local places, does this necessarily make provinces, regions, or the country more cohesive? Might social capital in particular communities lead them to exclude others? This is in effect a question of the interrelationships among different levels or kinds of social cohesion.
- finally: cohesion of what, and for whom? “Can citizens’ identities be both varied and multiple, without threatening social cohesion, or is adherence to a single national vision necessary?” And what about inequality and discrimination?—cohesive communities of the past were often highly inequitable.
- what are the connections between the “micro” processes that create cohesion among small assortments of people—perhaps assortments as small and ephemeral as those who view the same art—and the “macro” cohesion of all of society, which seems to be a key concern of sociological theorists and policymakers?

The operationalization of the concept of social cohesion is, indeed, the key challenge. Where do we find social cohesion in the behaviour and choices of individuals, in the decisions and activities of organizations and institutions at the local level? Is it a trivial or an insightful use of the term when a magazine writer raises the possibility that we can find social cohesion in the reactions of people coming to a gallery to view a painting? Does the common viewing of a painting by people who see it as a great work of art create social cohesion among the viewers, as one writer claimed in Oxford Today recently?¹⁹ Is this simply a devaluation of the

term, or has the author identified one of the innumerable, small-scale processes by which social cohesion is built? If viewing art can create social cohesion, then likely the architecture of a community building, the familiar logo of an organization, and common attachment or membership will do so as well. Many organizations may function to create some kind of social cohesion, and it would be surprising if co-operatives were not among them.

Cohesion in Co-operatives

LEADERS IN AND ANALYSTS OF the co-operative sector have not often spoken of cohesion as an issue. However, they have frequently referred to some related concepts: the concept of *community* as a characteristic within co-operatives as well as a setting within which co-operatives are rooted; the idea of *member loyalty*; and the idea of *homogeneity or heterogeneity* of members as an important factor in organizations. Cohesion—in the senses of member cohesion as well as wider social cohesion between the co-operative’s membership and others in their community—is relevant to these common concerns of co-ops.

In an important study, one of the first explicitly to consider the role of co-operatives in relation to social cohesion, Marie-Claire Malo, Benoît Lévesque, and three co-authors studied the regional reorganization of financial co-operatives in Québec and New Brunswick in the context of globalization.²⁰ They determined that the caisses populaires were not simply merging, but also developing new relationships with external institutions, new forms of connection to their territories, and new internal structures. They characterize the resulting caisses, whether formed through mergers or re-engineering, as new co-operatives. The researchers paid particular attention to five aspects of these organizations: their connection to local place, the accessibility of their financial services, the employability of employees displaced by changes, democratic functioning, and their connections to networks of community-

economic-development institutions. They concluded that the caisses were creating new territories for themselves that were doubly defined by market potential and member affinities. Within these territories they demonstrated a new localist emphasis, in that the co-operatives were developing further ties with local communities, keeping service points open for accessibility to member-customers, while centralizing or sharing specialized backroom functions.²¹ They remained universal, local financial-services institutions in that they continued to serve small economic actors (small communities, small businesses, less-well-off individuals) despite the pressure on their levels of profitability. At the same time, governance and management were more professionalized and consistent with norms established by the wider federation of caisses populaires.

Given the centralization of some functions and the professionalization of management, the main distinguishing features of the co-operatives were found to reside in their charitable granting programs, their patronage refunds, and their collective investments in communities. The authors identified challenges for the co-operatives, including the need to go beyond compromise solutions and pursue greater innovation, and the need to commit themselves to new forms of social cohesion more suited to the contemporary age than the environment of the old French Canadian Catholic parish in which they grew up.

As Malo, Lévesque, and the co-authors make clear, co-operatives must adapt and innovate in an era of globalization, both renewing and reinventing their co-operative character. Everything must change so that what matters can stay the same. In such a process, language is important. The principles and ideas of decades ago are not likely to be adequate guides to success, and yet accumulated experience and understanding can't be thrown out the window, either. Co-operatives need ways to focus on what is essential in the midst of change. The underlying reality is that to be successful, co-operatives have to serve their members; they have to be understood by their members; and they have to be thinking organizations that can adapt coherently to changing circumstances. We can use the concepts of linkage, transparency, and cognition to describe these essential strategic elements in co-operative business success.²² Cohesion has a role to play in each of them.

Linkage with Members

CO-OPERATIVES ARE SUSTAINED by their members. But why do members invest capital, time, and loyalty in their relationship with a co-operative? While there are a variety of answers to this question, in general the key one is *because they trust that doing so will be in their own interest, as well as the interest of other members.* Co-operatives earn this trust when members perceive them to be dedicated to serving the members' needs, not the needs of the organization or of any other group. Members support co-ops because co-ops are dedicated to making members better off. This dedication is reinforced by other aspects of the co-operative relationship, including shared values and member identification with the co-operative's purposes (about which, more below).

Another way of putting this is that the members trust the co-operative when they perceive it as an effective agent for themselves. The co-operative is a kind of combination, representation, or projection of the individual economies and interests of its members. There are two significant parts to this agency relationship. First, the co-operative must actually be an efficient agent for what its members want and need; if it is not, it will, in the long run, be unable to earn members' trust and support. But second, the members must perceive that the co-op is an efficient agent. Perception, in this case, is everything. A co-operative that is a faithful agent of its members, but is not known or perceived to be so, will gain no advantage from the relationship. It is the perception, created by communication and experience, that creates trust.

The dedication of co-operatives to serving members has been expressed in many forms. "Not for profit, not for charity, but for service to the members" is an old motto of the credit-union movement. But the concept of service to members is a broad one, which may not encompass any different relationship from the normal business-customer kind. While a service orientation is a good starting point, we can be more spe-

cific: co-operatives undertake those activities that promote the economic success or well-being of their members. What distinguishes them from other forms of enterprise is that they exist not to maximize or optimize their own profits or welfare, but rather those of their members. This interlocking of the co-op's interest and the members' interests is part of what we can call the economic linkage between the co-operative and its members.

Co-operative Economic Linkage

- the co-operative's activities promote the economic success or well-being of the member's household or income
- there is a close connection between the success of the co-op and of the member; if one does well, the other shares in the success
- the co-op's products and services are tailored to specific member needs
- member choices and behaviour are tailored to what is needed for the co-op to succeed

The traditional co-operative practice of paying patronage refunds — although it is only one form of economic linkage—can be understood as a common example of this linked relationship. Patronage refunds are, among other things, a mechanism for ensuring that members share necessarily in the economic success of the co-op. In other words, it cannot prosper without them prospering, too. The member can trust that the co-op will not profit off the members' backs, because any surplus is returned to the members in proportion to their business. Where close relationships exist between co-ops and their members, the reverse also tends to be the case: the better off the members become, the better the co-op does. Again, in the classic case of a consumer co-operative, when the members are better off, they have more disposable income to spend; and if they are loyal to the co-op, the co-op will benefit in volume and efficiency from the members spending more. Such linkages create incentives or rewards for the co-op to serve the members and for the members to patronize the co-op. Incentives and rewards are one aspect of linkage,

and the loyalty/patronage refund mechanism is one of the most common ways in which linkage has been institutionalized in co-ops. There can be many others.

Linkage is not only about a service orientation, distribution of surplus, or incentives. A further aspect is that co-ops' business operations and members' business or household decisions can become closely co-ordinated with one another, leading to a situation where each provides exactly the kind of service, product, or patronage that the other can best use. In such a close, integrated relationship, the economy of the member and the economy of the co-op fit together like hand and glove. Neither could attain a better fit out of any other partner, because each has tailored its behaviour to suit the other's needs. This tailoring is not an accident, but is the result of structure, strategy, and evolution over time to achieve results that are achievable in no other way.

The business goals of co-operatives are best realized when member economies and the co-operative's economy become linked in the ways described here. Such a strategy embodies economic cohesion among the members, and between the members and the co-operative. Social cohesion contributes to co-operative success because it makes it easier for members to trust each other and the co-operative, and to make the necessary economic commitments. But at the same time, co-operative success contributes to social cohesion because—recalling Dayton-Johnson's use of the term—social cohesion is an aggregate of experiences. Where members see themselves having benefited from co-operation, and see other members benefiting as well, this is social cohesion in Dayton-Johnson's sense.

Transparency

M^{EMBERS SUPPORT CO-OPS because they trust that doing so will be in their own interest as well as the interest of other members.} The discussion of linkage, above, related to why and how the

co-op is devoted to meeting member needs. The second part of trust, however, is that the co-op must not only promote member well-being: it must also be *seen* to do so—seen clearly, repeatedly, and over time to be making members better off. This question of how members see their co-operative and its activity is the question of *transparency*. While transparency, at one level, has to do with reporting and communications, it goes far beyond the superficial use of information and has implications for the conduct of co-operative business and for the legal, organizational, and technical structuring of co-operative activities. A co-operative is made transparent not only by good communications but by structures and operations that members can see are designed around their own needs.

Transparency is in fact critical to the long-term survival of co-operatives. It is all too easy for members to begin to take their co-operatives for granted, to lose sight of where they would be if the co-operative no longer existed. The longer a co-operative exists, the easier it is for members to forget why it was created. Transparency, as both an organizing principle and a communications approach, is fundamental to reproducing co-operative membership and loyalty from generation to generation (and even within a generation). Transparency requires that members understand not only their co-operative, but also the industry or sector of which it is a part, so that they can see clearly what their co-operative does for them. This is the root of member loyalty.

The trust that members have in their co-operative is a source of economic success and co-operative advantage. Trust means greater member loyalty, which assists the co-operative to be more successful. In more formal language, trust lowers contract, monitoring, and agency costs, effectively reducing the barriers between the business and its customers. Any business that creates trust among its customers will be able to perform more efficiently as a result, but co-operatives have some special advantages in this regard. The fact that they are member owned and controlled and do not exist to create profits for any group outside the membership means they can more easily be trusted by their members.²³ This potential co-operative advantage is made real to the extent that the co-operative succeeds in making itself transparent to its members.

The more a co-operative requires of its members—in time, loyalty, capital, and so on—the more transparent it must be to them to justify the level of commitment. Put another way, one method for co-ops to get more from their memberships, to enjoy greater loyalty, to raise capital, or to have higher participation and better leadership, is to make themselves more transparent.

Transparency in Co-operatives

- members are well informed—frequently and through multiple channels—about business, service, and financial results
- members understand the industry or sector of which their co-op is part; they can see “through” their co-op to markets, forces, and social and economic trends beyond
- members see the different clusters or “pillars” of activity within their co-op, the incentives or cross-subsidizations that are built in, and accept the appropriateness of these
- members understand the different interests or stakeholders in their co-op

Transparency, as I am using the term, entails at least three different kinds of things. Maintaining the visual metaphor, I refer to these as seeing the co-operative, seeing into the co-operative, and seeing through the co-operative. Each of these types of seeing is a kind of perception or understanding, or perhaps merely an impression, on the part of members, which they gain in a variety of ways and not only through formal communications.

By seeing the co-operative I mean members have a bird’s-eye overview of its historical identity, its contemporary mission, and the various members and stakeholders of whom it is composed. Appreciating the different interests of these member and stakeholder groups may be especially important, because latent conflicts among these interests may directly affect how much the members actually trust the co-operative. If,

for example, old and young members are thought to have different interests, but both are served by the same co-op, both groups of members may be less enthusiastic in their support —unless they understand, on some level, what the different interests are and how both may be satisfied. This is a question of the singular or plural identity of the co-operative and its membership, about which I will say more below, under Cognition.

Seeing into the co-operative entails two pieces, one of which is governance—what many people mean, solely, by transparency. Members need to have adequate knowledge of the governance structures of the co-operative, both to know how they could become involved but also, more importantly, to know why and how far they can trust those structures. The second and related piece is that they have to see “into” the co-operative’s business. They have to have knowledge of what lines of business or activities it is in, how these perform and what their challenges are, who benefits, and how much. If members suspect there are hidden cross-subsidizations that benefit others, their commitment to the co-op will likely be less.

Seeing through the co-operative means having an appropriate level of understanding of the wider industry, its challenges and trends. Without such an understanding, members are unlikely to have a real idea why they need the co-operative, what it is good for, and what its limits are. Again, members do not require the detailed knowledge of a marketing expert, but they do need the level of understanding appropriate for the kinds of decisions members make. If, for example, the perception is that WAL-MART dominates the industry, then members need to have some opinion about why WAL-MART is successful and what it means.

Undoubtedly more could be done in terms of formal member education—consumer or member education, newsletters, public meetings and presentations, web sites, courses, and so on—but these are not the main means by which members glean information about the co-op, its inner workings, and its environment. People pick up their impressions from subtle cues, from image and advertising, from word of mouth and interactions, from merchandising and signage on shelves, and many other

sources. Instead of concentrating on texts—newsletters, speeches: the tools of the past—co-ops may have to become much more sophisticated in considering what messages actually reach their members, and from what sources.²⁴ A store design is a message. How staff act is a message. A patronage refund or other incentive conveys important information. All of this and more makes up the way the co-op presents itself to members. This presentation can be more or less transparent. A number of co-ops in different sectors have discovered that the message we're a big, complicated business and you should trust us, just because, does not go over well.

Cognition

LINKAGE IS ABOUT SERVING MEMBERS; transparency is about making it clear that members are served. The third aspect of the co-operative relationship with members has to do with how the relationship changes over time—because no co-operative relationship stays the same for long. Co-operative relationships must change constantly as the business or service sector and the membership change. The concepts of linkage and transparency may help guide co-operatives to select *what kinds* of change are most appropriate from among the known options. But by themselves, these concepts do not say much about *how* co-operatives change, nor how they identify the options for change in the first place. In today's world, co-operatives have to aim not only to create a structure (or relationship), but even more so, they have to plan for how they will change over time.

Change can happen to an organization, as an unconscious process, but this is not always desirable. Change should be undertaken by an organization as a thinking or cognitive process, involving imagination, discovery, systematic investigation, and pragmatic choice among well-understood options. This thought process should presumably involve more than just the individual mind of the CEO. Thinking, learning, imagining, and investigating are functions that need to be shared, and to some extent diffused, in a successful organization. They are to a considerable degree

functions of the organization and not merely of one or a few positions within it. Organizations like co-ops need to pay attention to how they think about their surrounding reality, themselves, and their future.

A basic cognitive model for co-ops involves several main elements. The co-op must have a sense of what it is, where it came from, what it does, and where it is going—a sense of identity, or to put it another way, an organizational culture. It must also have a sense of what its mission is in relation to its sector and industry, and its members. To achieve this requires a mental model of who the competition is, what the issues and trends are, and what the co-op aims to do about these. It is not enough, however, that such mental images exist. For them to be useful to the co-operative, they have to be shared by the different groups that need to play a role in the co-operative's success, i.e., its various stakeholders. Managers who deal full time with directing the co-operative will have a more detailed understanding than members who deal occasionally with the co-op. But the co-op will be stronger and more cohesive if managers, members, elected leaders, staff, and other stakeholders buy into similar or shared visions. Finally, a cognitive model for a co-op involves the mechanisms by which the organization refines and tests its understandings of itself, its mission, and its sector—mechanisms for collecting and analysing information and ideas (research); mechanisms for maintaining a sufficient degree of consensus (broad, periodic discussion and revision); and mechanisms for trying out new ideas and new approaches on a small scale (innovation). Small-scale experiments with new ideas are important, because co-operatives can rarely risk radically new approaches without testing them first.

Cognitive Models in Co-operatives

- the co-op operates with a clear mental model of itself (sense of identity) and of its role in the wider sector or industry (mission)
- these models are widely understood and shared among stakeholder groups (members, elected leaders, managers, employees, others)

- the co-op undertakes research in an organized way to analyse changes in its membership and its environment
- organized research activity is connected to the way the co-op regularly revisits, discusses, and revises its identity and its mission
- the co-op encourages innovation and has mechanisms for innovations to be tested on a small scale

A cognitive model, as described here, is not just a planning tool (though it certainly helps with that function); it is also the glue that keeps the co-operative and its members together when both are changing.

I have regularly stressed differences among the co-op's members and stakeholders, because such differences, which may be experienced as fragmentation, are a key characteristic of modern or (if you will) post-modern society. It is important to remember that members make judgments about their co-operative not as entirely isolated individuals, but as part of a community of people who have some assumptions or knowledge about each other, who share a similar context, and who think using some common experiences and concepts. In some way, either potentially or literally, they are in communication with each other. We might call membership a community of discourse. Because the success of the co-operative depends not only on one's own choices, but also on those of other members, each member is thinking on some level about other members and how they will behave. What motivates them? Can they be relied upon? Will one's own commitment be wasted, or worse yet, taken advantage of? Members need not just a mental image of their own relationship to the co-op, but a mental image of other members' relationships to the co-op. They need to see what different services are required by different member groups, how these are accessed and paid for, and whether important cross-subsidization occurs; otherwise they may not fully trust their co-operative to be a good agent for their interests.

A co-op that caters only to the common denominator among diverse members may be missing important opportunities to develop services

designed to meet particular needs. Co-operatives need to resist an understandable tendency to homogenize their memberships, to ignore or downplay difference. To resist this tendency, they may need to be active in seeking out, highlighting, and understanding differences among their members. Co-operatives that need members to make strong commitments, whether of input, patronage, or investment, may have to reorganize themselves so that members can participate in the parts of the co-op that most interest them. In an extreme case, a co-operative whose members have highly divergent interests might be better off breaking up into a number of organizationally distinct (but perhaps still connected) entities. But where a co-operative aspires to remain whole, it may not be enough to offer different services for different people, to have members or stakeholders involved in different aspects of the co-op's activities. This may complicate the member relationship in the co-operative in ways that actually reduce member commitment overall. A co-operative can cater to and derive strength from the heterogeneity of its stakeholders only if these stakeholders are, in some way, connected with each other.

The concepts of mental models and member identities are one way to understand the challenge, and the solution. For co-operative renewal and adaptation, the co-op's leaders must have conceptions or mental models of their co-op and their industry that are up-to-date and based on good understanding and analysis. Second, the corresponding mental models held by members and other stakeholders, though they may not be identical, must sufficiently resemble or overlap the models held by the co-op's leaders. These mental models must connect with the members' or stakeholders' sense of their own identity in such a way that they can see themselves—as consumers, as employees, as young or old, as men or women, and so on—reflected adequately in the co-operative. This may require a great deal of nuance and sensitivity; it is unlikely to be achieved by catering only to the least common denominator among the members.

The arguments outlined in this section have demonstrated that pursuit of co-operative advantages in business leads to co-ordination, shared understandings, and trust among members as well as between members

and the co-operative. With accelerated change, competition of new kinds, and fragmenting member and stakeholder identities, it is likely that co-ops will have to become more sophisticated in how they think about and pursue linkage, transparency, and cognitive processes. All of this depends on individual investments (of time, energy, and commitment) in creating social capital. Will it also make a difference to social cohesion—that is, will benefits aggregate at a higher level, and benefit not only a narrow group? There are two reasons to believe they will. First, co-operative networks generally overlap and diffuse into wider community networks. The co-operative principles of open membership and concern for community reflect the historical experience of co-operatives, that their members' interests tend to correlate with or approximate wider community interests. They do this because the co-operative is typically open to all, in which case it cannot provide an exclusive privilege; and because the type of benefit it provides is needs based, often therefore of interest to many. Naturally, deviations from these conditions will make for interesting studies. Second, co-operative social capital does demonstrably aggregate at higher levels and bridge between subgroups and communities. This is demonstrated by federated, regional, and national co-operative systems based on autonomous local organizations. Such co-operative systems are living examples of forms of local social capital that are simultaneously part of regional and national social cohesion.

Voluntary Adhesion and Identities

CO-OPERATIVES ARE AUTONOMOUS INSTITUTIONS created and maintained by individual choice. They have no automatic or guaranteed existence, but rather sustain themselves in a competitive environment where they do not survive unless people support them. In other words, they are not merely about cohesion, but also adhesion, the conscious act of associating oneself with a mutual entity.

This creates a situation slightly more nuanced than Dayton-Johnson's models, where social capital is created by interactions between individuals, and social cohesion aggregates over time out of these choices. In the case of an existing co-operative, the individual has a choice to join a voluntarily created institution that embodies the results of past members' decisions and behaviour. The co-operative organization, in other words, makes manifest the social investments espoused by past groups of members. It renders social cohesion visible, and not merely in an abstract aggregate, but in a concrete organizational form that individuals can directly perceive and experience. To each member, the co-operative "stands for" all the other members, past and present. We may suppose that this could greatly speed up the processes of individuals thinking through decisions regarding social capital and social cohesion, and so it can; but there are also complications.

Before expanding on these points, let me say that this discussion of how co-operatives work has a number of implications for Canada's discussions about social cohesion. First, there may be a benefit in looking at the voluntary choices of Canadians as important creators of cohesion—not just shared values or national institutions or policy frameworks, but direct engagements by citizens in society, however simple these may at first appear. Much of the literature concerning social cohesion, so far, has taken a critical stance towards voluntarism, seeing it as a source of divisiveness and inequality, as an alternative to public social programs, and as a tool of only limited, small-scale usefulness.²⁵ Co-operatives generally represent a voluntary alternative to the private, not the public, sector. And where they are an alternative to public-sector activity, this does not necessarily mean the gutting of social principles.²⁶ Second, resulting as they do from the largest social movement in Canadian history (currently, something like ten to fifteen million Canadians are members), co-ops provide an example of large-scale voluntary activity that bridges local, provincial, and regional boundaries. Using co-operatives as an example, we can address questions about different kinds or levels of social cohesion by reconceptualizing cohesion issues as identity issues. Instead of asking, does local social cohesion strengthen or weaken national social cohesion?—a question so abstract that it is hard to know where to

begin—we can ask about the multiple identities local people feel and demonstrate, and whether these conflict or reinforce one another. Intermediate-level voluntary organizations may, indeed, be excellent places to see these processes at work.

As I mentioned at the outset, I spent much of the year 2003 criss-crossing western Canada with a tape recorder, talking to people in consumer co-operatives that are members of what is called the Co-operative Retailing System (CRS), and working with the transcripts of their interviews. Only a couple of them ever mentioned the term social cohesion, and yet it was present, nevertheless, in what they described—present, but often below the surface. Co-operators are pragmatic people, by and large, who are wary of woolly generalizations. Many of today's managers, especially, see the idealistic past rhetoric of co-operative movements as something worse than mere baggage. It may, in their eyes, actually be dangerous in its potential to distract co-op leaders and members from what they need to do to be successful. Yet for all that, underneath the stress on marketing and profitability is another set of values, shaped by the relationships and ultimately by the ownership structure and community base of the co-operatives.²⁷

Commercial co-operatives—as opposed to small, idealistic, “nonprofit” co-operatives—do not usually look much different from competing businesses, and often their management styles, organizational structures, and labour or human-resources policies are not much different, either. As Malo and Lévesque et al. noted in their study, mentioned earlier, the distinctive features of mature co-operatives lie, first of all, in their charitable donations, patronage refunds, and investments in communities. As those authors also demonstrated, co-operatives may preserve high-quality, front-line service to members, including small members, while centralizing backroom functions to remain competitive. This strategy differs from the behaviour of profit-maximizing competitors, and embodies the distinctive dedication of co-operatives to localities and regions. Consumer co-operatives in western Canada illustrate the same pattern; and beyond that, they vividly demonstrate that local ownership, combined with a well-functioning federated system, can be a source of good governance and effective innovation. The Co-operative Retailing

System succeeds—it thrives in small, medium, and some very large communities—because of its co-operative character, local ownership, and federated structure.

The success of the CRS reflects several kinds of cohesion. There is, first of all, the cohesion within local, geographic communities, among the members of the co-op, or between the members and the co-op. This is especially evident in smaller or more isolated communities, but the same thing occurs in large cities, where the co-op may act in similar fashion as the focal point for a neighbourhood. In such cases, managers, staff, and members report that the co-op is seen as the centre of the community. It is the only full-service outlet, or it is the place people go to put up notices on the community bulletin board, or it has the cafeteria where seniors drink coffee together or local voluntary associations assemble for meetings or marches. Co-operatives can and do serve groups in the community whom social-cohesion researchers would characterize as marginalized, including new immigrant communities, Aboriginal people, and families on tight budgets. Interestingly, co-op leaders are often reluctant to talk about such groups, perhaps because the commitment to equality in co-ops is so strong that it makes people reluctant to draw attention to differences.

Cohesion in the co-op system is not only local; there is, second, the cohesion among the co-operatives—the cohesion of the whole system, across the communities, the multiple provinces and territories within which it operates. To some extent, there is a true bridging going on. Members who patronize and support co-operatives are identifying with a brand, an image, a set of values that is consistent in some ways from Lake Superior to the Beaufort Sea to the Inner Passage. However, co-operative loyalty is a highly local matter. While further study is needed, it seems probable that most members regard their co-op as an institution of their community, and are unaware of or give little thought to the equivalent co-ops elsewhere. If this supposition is true, the cohesion of the CRS is less a matter of cohesion among hundreds of thousands of co-op members than among the leaders who are developed and gain experience within the system. Leadership development is the co-ops' main contribution to bridging among communities. But perhaps when

ordinary members travel to distant Canadian communities and see a co-op there, they do, after all, recognize some connection to their own co-op at home. Research to study such perceptions has not been done.

A lesson from the retail co-ops is that they do not simply promote cohesion because it is a good thing to do; that isn't how commercial co-operatives work. Rather, they are challenged to meet competition, to innovate, to reduce costs, and to increase quality and service. The means they can draw on to do these things often involve social cohesion and certainly contribute to it. Perhaps the best case in point is that managers at all levels in the CRS describe the ways in which they must strive to persuade members and create buy-in, rather than being able to give orders as they might do in a more hierarchical organization. The wholesale has to persuade retail managers to adopt its programs. To ensure this happens, it involves them in various ways in discussing, designing, and modifying the programs. Through this process, the wholesale also establishes its credibility: it creates trust. As a result of the trust and collaboration among levels of the organization, innovations are better designed and adopted more quickly. This is an example of the mechanisms by which social cohesion (in this case, cohesion among levels and branches of the ²⁸ co-op system) is theorized to contribute to productivity and growth.

This brings us to a third dimension of cohesion in the co-op system: cohesion among staff and among managers. Formally, CRS co-ops are organizations of member consumers; in the organizational chart, employees appear only the way they would in any other firm. But the reality may be somewhat different. As interviews indicated, the CRS benefits from the stability and experience of employees who spend exceptionally long careers in the system, receiving training and development along the way for their changing roles. Of twenty-three retail co-op general managers whom I interviewed—the CEOs of their local firms—twenty-one started off as checkout clerks, shelf stockers, gas-pump attendants, truck drivers, or the like. This is not so much a policy or principle of the co-operatives as a necessity resulting from their distinctive structure (which makes it difficult to bring in outside managers past a certain level) and their community-based ownership (which roots them in communities of various sizes in a stable way, with few transfers, mergers, or acquisitions

such as often shake up the workforces of profit-maximizing companies). The community orientation of the co-ops also creates an environment in which it is normal and expected that staff, again especially managers, will play certain kinds of roles in their communities, as leaders, as advisors, and as community figures. It is not a universal or hard-and-fast truth, but it seems that being an employee of the co-op system may mean working in a relatively stable workplace, with good opportunities for training and advancement, and within a context of both customer service and community orientation. This, too, looks like cohesion, of a type that increases efficiency for the firm, satisfaction for the employees, and benefits to the community. Again, more research is needed.

While in many senses, both economic and social, the CRS co-operatives are eminently successful, I have mentioned a certain colourlessness in how managers and leaders describe their members. Leaders in the system commonly distinguish among their members in three respects: by age, by economic size, and by location. The system's current marketing is aimed at young families, first of all—making stores child-friendly and catering to families with little time by offering ready-made meals. Beyond that, seniors are recognized as a distinct group, perhaps not as important in the volume of what they purchase individually, but historically (as pioneers who built the current social cohesion of the organization) and socially as a distinct group in the community. In addition, young people (teens and early twenties) are often identified as a group in which co-operatives have a distinct interest, especially as future employees and leaders. With regard to economic size, this typically enters the discussion in connection with the agricultural and commercial arms of the consumer co-ops' business, especially in bulk sales of petroleum to, for example, farms or trucking firms. Here, co-ops feel a tension between serving the large purchasers competitively (with discounts or differential patronage refunds on the specific products they purchase, for example) and maintaining services to the smaller purchasers, both of which they would like to do. This is similar to co-ops' understanding of locational issues, in which they want to maintain prime urban locations while at the same time keeping locations in smaller, outlying communities. The tension arises because competitors would just serve the larger customers

or centres; the co-ops want to serve both if they can keep doing so. Some other distinctions do enter into the mix, mostly in terms of display and merchandising. The system has paid increased attention to the specific preferences of women members in a variety of ways, ranging from better night lighting at gas bars and convenience stores to fresh-cut flowers in washrooms. Managers in the system also procure, stock, and display products for particular ethnic or immigrant communities, following demographic trends.

While these examples do show awareness of differences among members, some co-operatives do more. First, the approaches mentioned above generally involve products and marketing, not participation, involvement, empowerment, or education. But some co-ops offer classes for seniors, network with particular ethnic communities and invite representatives to join committees, or have distinct representation for different communities in their elections (such as delegates from small communities where branches are located, or special directorships set aside for youths). Such approaches help empower the members concerned. Second, while accommodation of differences seems to be understood in co-operatives mainly as a matter of personal consumer preferences, some co-operatives do market themselves more on the basis of values, inviting members to identify with these. Typically, these values involve support for the local community, but co-operative values such as mutuality, tolerance, equality, and respect could also have wider resonance. As a rule, most co-operatives seem to do little image advertising, and instead focus on the basics of products and services, giving the impression that the co-op is neutral and treats all consumers equally. Some groups may be more receptive to such a neutral, commercial approach than others. Third, and more specifically, some co-ops make organized attempts to involve themselves with Aboriginal communities. Several co-operatives deal commercially with First Nations governments—for example, selling petroleum for resale by an on-reserve Aboriginal gas station. I found at least one where board members and managers have made concerted attempts to network in First Nations communities; and I talked to a number of co-op presidents who have done their best to recruit Aboriginal candidates for the board of directors or Aboriginal youth to support for education

and training. Naturally, individual First Nations or Métis customers or members are more visible in some co-ops than others, but many co-ops do look more white (if I may put it crudely) than the geographic regions they serve in western Canada.

I have argued that the underlying issue, for co-operatives, is the complex relationship between the identities of an organization and the identities of different members it serves. Co-ops cannot be all things to all people—a phrase usually quoted to mean they must specialize economically, but it could equally apply to their image in the community. It is probably the case that organizations tend to have shallow or one-dimensional identities, which cannot easily stand for the actual heterogeneity of the members. Such a least-common-denominator kind of co-operative identity, however, may invoke only weak adherence from members. One of the trends in western Canadian society is certainly towards greater cultural diversity, whether through the growth of the Aboriginal population or through immigration; and many other kinds of identity are also expressed more confidently today. Apart from other considerations, there is a marketing opportunity for co-operatives in this, and despite co-operative values, it is the marketing opportunity that ensures they can respond. Co-ops cannot be all things to all people, but there may be a growing advantage to being slightly different things to different people. This would require much more careful and sophisticated marketing than in the past—just as CRS co-ops have got to where they are today by continual improvement in their marketing.

Interviews and study visits need to be complemented by wider, more systematic, and more in-depth studies of co-operative membership in order to unpack the actual connections or tensions in people's attachments to the co-operatives they have voluntarily joined. But given the special characteristics of the co-operative sector, it is inevitable that understanding these relationships will expand our understanding of social cohesion in Canada. Unlike other instances of social cohesion, co-operatives are voluntary, local, but also connected to large-scale networks. They formally articulate multiple levels of association and cross boundaries of communities. They do not function in what is commonly understood as the public sector, but instead produce public goods in the

private sector—dealing head-on with the forces of competition and corporate globalization that many people perceive as threats to social cohesion. Like small business, they represent not just Canadian ownership but local ownership in a globally competitive economy. Unlike small business, they require formal commitments by ordinary Canadians to support them. If economic autonomy has a future in the globalized economy—and it is difficult to imagine how social cohesion can be maintained without a foundation of economic autonomy—then co-operatives will be part of that future.

Endnotes

1. A co-operative is defined by the International Co-operative Alliance as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (“The ICA Statement on the Co-operative Identity,” from Ian MacPherson, *Co-operative Principles for the 21st Century* (Geneva: International Co-operative Alliance, 1996), p. 1). This definition reflects more than a century of discussion and has several important elements, including the substantives association and enterprise, the concept of needs-based activity, as well as the qualifiers autonomous, voluntary, joint, and democratic. Importantly, it may apply to organizations incorporated as business corporations, associations, or nonprofits, or those not incorporated at all, where the specified conditions are met.
2. Jeff Dayton-Johnson, “Social Capital, Social Cohesion, Community: A Microeconomic Analysis,” in *The Economic Implications of Social Cohesion*, ed. Lars Osberg (Toronto: University of Toronto Press, 2003), pp. 43–78, and the same for the following.
3. Jane Jenson, *Mapping Social Cohesion: The State of Canadian Research* (Ottawa: Canadian Policy Research Networks Inc., 1998), p. v, and the same for the following quotation. Academics routinely use the term “neoliberal” to describe policies of free trade, deregulation, and privatization (key aspects of economic globalization as practised in the late twentieth century) because of the similarity of these policies to tenets of nineteenth-century liberalism. This usage can be confusing to nonacademics, since the same policies are today often regarded as aspects of neoconservative economic policy.

4. Cited by Paul Bernard, “Social Cohesion: A Critique” (Ottawa: Canadian Policy Research Networks Inc., December 1999), Discussion Paper No. F-09, p. 5.
5. Jenson, p. 8, and ff for the following.
6. Jenson writes, “Solidarism developed as a direct response—and rejection—of 19th century liberalism” (p. 9). I have to admit to scratching my head over this comment. The Third Republic and its political elites favoured constitutionalism and the Republican tradition, economic and social modernization, anticlericalism—in short, many of the core concepts of nineteenth-century liberalism—while being opposed by clerical conservatives, monarchists, Marxists, and other traditional enemies of mainstream liberalism. In fact, solidarism looks much more like a variety of nineteenth-century liberalism than a rejection of it.
7. Jenson, pp. 15 and ff.
8. Ibid., p. 16.
9. Social economy is discussed in English by Benoît Lévesque and Bill Ninacs, “The Social Economy in Canada: The Québec Experience,” in *Social Economy: International Debates and Perspectives*, eds. Eric Shragge and Jean-Marc Fontan (Montréal: Black Rose Books, 2000).
10. Jenson, p. 24.
11. Some of the key works in which Putnam developed his ideas include R.D. Putnam, “The Prosperous Community: Social Capital and Public Life,” *The American Prospect* 13 (spring 1993); Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1993); G. Gamm and R.D. Putnam, “The Growth of Voluntary Associations in America, 1840–1940,” *Journal of Interdisciplinary History* 29, no. 4 (1999); Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon & Schuster, 2000); and Putnam, “Social Capital: Measurement and Consequences,” *ISUMA* (spring 2001). They have been extensively discussed, developed, and critiqued by others.

12. Bernard, p. 3.
13. Ibid., p. 16.
14. Sophie Bessis, “From Social Exclusion to Social Cohesion: Towards a Policy Agenda,” *Management of Social Transformations* (MOST), UNESCO Policy Paper No. 2 (1995).
15. Posted at <http://www.social.coe.int/en/cohesion/strategy/htm>, accessed 24 December 2002.
16. Summary of strategy posted at <http://www.social.coe.int/en/cohesion/strategy/CDCS/sumstrat/htm>, accessed 24 December 2002.
17. *Social Cohesion Developments*, newsletter of the Council of Europe, posted at <http://www.social.coe.int/en/cohesion.htm>, accessed 24 December 2002.
18. Jenson, pp. 29–37.
19. Neil MacGregor, “The Perpetual Present,” *Oxford Today* 15, no. 1 (2002): pp. 23–25.
20. Marie-Claire Malo, Benoît Lévesque, Omer Chouinard, Pierre-Marcel Desjardins, et Éric Forgues, *Coopératives financières, cohésion sociale et nouveau territoire local à l’ère de la mondialisation* (Montréal: Cahiers du CRISES, mars 2002), Collection “Working Papers,” No. 0108.
21. Malo et al., pp. 54ff.
22. Brett Fairbairn, *Three Strategic Concepts for the Guidance of Co-operatives: Linkage, Transparency, and Cognition* (Saskatoon: Centre for the Study of Co-operatives, 2003). What follows includes abridged excerpts from this booklet.
23. On the importance of trust in the economic success of co-operatives, see Roger Spear, “The Co-operative Advantage,” *Annals of Public and Cooperative Economics* 71, no. 4 (2000): pp. 507–23.
24. I have expanded on these ideas in Brett Fairbairn, “Communications, Culture, and Co-operatives: Liminal Organizations in a Liminal Age,”

- paper for “Mapping Co-operative Studies in the New Millennium: A Joint Congress of the International Co-operative Alliance Research Committee and the Canadian Association for Studies in Co-operation,” 27–31 May 2003, University of Victoria, Canada; Revised June 2003.
25. Valid points, of course, though the dualism (either we have a welfare state, or we have voluntary activity) sometimes seems a bit forced. Besides Jenson, another intelligent argument in this vein is Frances Wooley, “Social Cohesion and Voluntary Activity: Making Connections,” in Osberg, pp. 150–82.
26. See the discussion in John Restakis and Evert Lindquist, eds., *The Co-op Alternative: Civil Society and the Future of Public Services* (Toronto: Institute of Public Administration of Canada, 2001).
27. What follows are preliminary results and reflections from in-depth interviews with eighty-one individuals, visits to more than two dozen retail co-operatives in Manitoba, Saskatchewan, Alberta, and British Columbia, as well as documentary research conducted between January and July 2003. The co-operatives are all members of the Co-operative Retailing System, that is, they are affiliated to Federated Co-operatives Limited. Generally speaking, they operate consumer stores handling food and groceries, and/or petroleum outlets; some have lumber, hardware, agricultural supplies such as feed, fertilizers, and chemicals; others have pharmacies, clothing, appliances, or particular lines of business unique to their communities. All are owned locally by consumer members. More detailed results of this research are available in Brett Fairbairn, *Living the Dream: Membership and Marketing in the Co-operative Retailing System* (Saskatoon: Centre for the Study of Co-operatives, 2004).
28. Dick Stanley and Sandra Smeltzer argue that social cohesion reduces transaction costs by reducing the need for defensive behaviour and increasing political and labour-relations stability; it reduces costs to firms by increasing worker productivity (less dysfunction, increased employee satisfaction, faster spread of ideas). See “Many Happy Returns: How Social Cohesion Attracts Investment,” in Osberg, pp. 231–46.

About the Centre

THE CENTRE FOR THE STUDY OF CO-OPERATIVES is an interdisciplinary teaching and research institution located on the University of Saskatchewan campus in Saskatoon. Contract partners in the co-operative sector include Credit Union Central of Saskatchewan, Federated Co-operatives Ltd., Concentra Financial, and The Co-operators. The centre is also supported by the Saskatchewan Ministry of Enterprise and Innovation and the University of Saskatchewan. The university not only houses our offices but provides in-kind contributions from a number of departments and units — Agricultural Economics, History, Management and Marketing, and Sociology, among others — as well as financial assistance with operations and nonsalary expenditures. We acknowledge with gratitude the ongoing support of all our sponsoring organizations.

The objectives of the Centre are:

- to develop and offer university courses that provide an understanding of co-operative theory, principles, developments, structures, and legislation;
- to undertake original research into co-operatives;
- to publish co-operative research, both that of the Centre staff and of other researchers; and
- to maintain a resource centre of materials that support the Centre's teaching and research functions.

For more information about the Centre, please contact:

Centre for the Study of Co-operatives

101 Diefenbaker Place

University of Saskatchewan

Saskatoon SK S7N 5B8 Canada

Phone: (306) 966-8509 / Fax: (306) 966-8517

E-mail: coop.studies@usask.ca / Website: <http://www.usaskstudies.coop>

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