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Strengthening Association: The Key To Cooperative Success

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Editor's note: Eric Grauvilardell graduated in 2011 from the University of Minnesota with a major in entrepreneurial management, along with minors in Portuguese, Latin American studies, and psychology. After seeing the potential of cooperative-like organizations at Thrivent Financial for Lutherans, he began serving as a



He offers this thoughtful report, based on his observations of nonprofits at work and his musings about the cooperative principles' potential to strengthen these organizations.

Cooperative principles play an integral role in the development of co-ops and give clear guidance as to how cooperatives should operate. These principles ensure the replication of this promising model to garner social and economic benefits for all. With cooperatives facing the ever-increasing problem of low member engagement, turning back to these principles can help resolve this issue. Extensive research and multiple success stories show that the cooperative principle of open and voluntary membership is best able to address the problem. Through the successful application of this principle, and thereby the creation of association among members, cooperative leaders can increase member engagement, leading to increased cooperative success.

Cooperative Movement

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owned cooperatives and farm cooperatives to credit unions, mutual benefit societies, and mutual benefit societies. The movement has been in existence for centuries, and has had a strong impact on the development of societies. Whether it is the impact the movement first displayed in improving workers' livelihoods during the Industrial Revolution, the ability for consumers to access goods where they otherwise could not, or in advancing social and economic equalities, cooperatives present extensive possibilities.² The United Nations General Assembly designated 2012 the International Year of Cooperatives, providing an opportunity for further advancement of the cooperative movement, and also a chance to evaluate the successes and struggles of the model.³ The ICA built on this designation with its Blueprint for a Cooperative Decade, or 2020 Vision, for the global ascendancy of cooperatives.⁴

One of the main troubles facing modern-day cooperatives is lack of member engagement. Cooperatives rely heavily on their members, needing strong engagement in order to understand community needs, know how to address them, and make informed decisions. The U.S. Department of Agriculture has often highlighted the importance of complete member participation and the direct link between member participation and a cooperative's success.⁵ An analysis of cooperatives worldwide found a low number (1-5%) of members participating in democratic activities.⁶ "Co-ops nationwide practically have to turn somersaults to get a quorum of members for elections. It is shocking that so many people fail to exercise their franchise."⁷

With such low levels of engagement, cooperatives become less representative of their communities and cannot properly address needs, placing disproportionate weight and control on the shoulders of managers and diminishing the collaborative nature of their organizations. As explained in the report Exploring Cooperative Management, "Where the relationship [with local managers] is a good one, this individual is able to provide good information, link members to local managers and shop staff, and account for the actions of 'management' in general.



the feasibility for cooperatives to derive their financial support from members.

A final complication of poor member engagement is the diminished expansion of cooperatives. Individuals who are more involved in a cooperative seek to include others in the group, aiding in the continued expansion of the cooperative and renewing its membership base.⁹

The cooperative movement faces a grave threat to the successful implementation and expansion of its model if issues with membership participation remain unresolved. Cooperative principles, guidelines for how cooperatives should operate, yield some insights into addressing this issue.

Cooperative Principles

Due to the potential the cooperative model holds, almost since its inception there has been a set of principles to ensure the ability to replicate the model. One of the primary leaders in the cooperative movement, and in the establishment of associated principles, is the International Cooperative Alliance (ICA). The ICA has worked over the last 117 years to expand the presence and awareness of cooperatives around the world. It has a long history of supporting and growing the cooperative movement, including the continued re-evaluation of cooperative principles. The seven ICA Cooperative Principles, shown in Figure 1, have provided one of the main methods for ensuring consistency in the movement, and have had wide uptake throughout the world.

Figure 1

The Seven ICA Cooperative Principles

Voluntary and	Cooperatives are voluntary organizations, open to
Open	all persons able to use their services and willing to
Membership	accept the responsibilities of membership, without

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Control	participate in setting their policies and making decisions.
Member Economic Participation	Members contribute equitably to, and democratically control, the capital of their cooperatives.
Autonomy and Independence	Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
Education, Training, and Information	Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of the organizations. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of cooperation.
Cooperation Among Cooperatives	Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.
Concern for Community	Cooperatives work for the sustainable development of their communities through policies approved by their members.



cooperative due to inherent characteristics (gender, race, etc.) and that no member should be coerced into joining a cooperative. This principle also addresses the need for members to be able to use the services cooperatives provide and for the groups to have association (a common bond, purpose or tie). W.P. Watkins, a former director of the ICA, argued that association was the single most important factor in the formation of a cooperative.¹⁰ Only after establishing a common bond among members could the function of the cooperative be determined. Thus, although membership is open to all, cooperatives need not enroll all membership applicants. Many leaders of cooperatives and the ICA highlight the fact that new members should fit into a cooperative's community, with statements such as: Nothing is to be gained and much may well be lost by bringing in a person who unsettles the cohesion of the membership. Members should derive benefit from the cooperative, which requires some level of association.

Importance of Association

A study of farmers serves to highlight the importance of association in cooperatives. It finds 19 different components that influence members' active participation in cooperatives. The characteristics of farmers and their farms have a strong impact on participation. The more similar the farmers and farms, the more likely individuals are to participate in the cooperative. These factors also correlate to the extent members feel like part owners of the cooperative.⁹

Fraternal benefit societies have a very similar model to cooperatives, but in addition, require that all members have a common bond, some form of association. Although fraternal societies emphasize association to varying extents, they do typically have higher levels of active membership than do cooperatives.¹¹ This observation implies that establishing and emphasizing association will serve to increase active, engaged membership in cooperatives.

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religious individuals in a non religious environment. A second study confirms that when involvement in a religious community increases, it leads to higher trust and a desire to cooperate with people in that community.¹³ Forming—and more importantly, highlighting—a common bond serves to make members feel more a part of the cooperative community and increases their participation.

Increasing Member Engagement

Cooperative leaders can take a number of actions to successfully implement the principle of open, voluntary membership and association. The effective application of these concepts can serve to increase member engagement and satisfaction.

Formation of community—A study by Birchall and Simmons finds that members who actively participate in their cooperatives have greater awareness of and connection to the groups' communities, goals and values.¹⁴ These active members report that they participate for the good of the group, not for individualistic reasons. Generally, individuals identify with other cooperative members and feel they are striving to achieve a common goal through a common methodology.

This formation of community and establishment of association needs to take place when new members join the cooperative as well as through ongoing communications to existing members. Much can be lost when people join a cooperative and disrupt its community through lack of common ground and association with its culture and services. Cooperatives should accept potential members if, as a condition of membership, the individuals state their willingness and ability to work for the organization's advancement.

In the long run, a cooperative's existence is more firmly fostered by better-fitting members than by a greater quantity of members who may not fit in as well. Community begins with new members understanding the cooperative's common bond and continues with existing members remembering what unites the



cooperative's goals. They feel that "the organization as a whole is working toward the same objectives and 'pulling in the same direction' as members." ¹⁴ This unity helps keep members satisfied, maintains the cooperative's relevance, and increases continuing participation.

Explanation of membership—The fifth cooperative principle concerns education, training, and information. The cooperative model differs in many ways from traditional capitalistic models, and this principle helps to ensure cooperative stakeholders understand how to work within the structure.

The Birchall and Simmons study of participation in cooperatives mentioned above finds the application of this principle lacking in many groups, particularly as regards membership. Participants in the study, both active and inactive members of cooperatives, observe a lack of understanding about what membership means. "...some area committee members feel that the status of being a member is not reinforced enough. As one respondent put it, 'we need more publicity in the shops about membership and what it means.'"¹⁴ Educating members on the meaning of membership and the importance of remaining financially and democratically active in cooperatives will help bolster member engagement.

Contact surface—The more opportunities members have for participation within a cooperative (the larger the contact surface) the higher the likelihood of participation.¹⁵ Members who don't participate often feel there are insufficient opportunities to do so. "Participants were also much more likely than non-participants to feel that the Co-op provided them with enough opportunities to participate, and to say their initial experience of these opportunities was positive. Importantly, non-participants who expressed a preference were particularly keen to see more localized opportunities for participation." Active participants also better understand how to participate. "Participants reported much higher levels of confidence than non-participants about their ability to participate (96% vs. 57%)."



volunteer opportunities. Plentiful announcements and information must accompany these opportunities, by means convenient for members, so the members are aware of these opportunities' existence, along with their potential impact and importance. Furthermore, ensuring that new participants are welcomed and feel acclimated to a new community is essential to establishing member engagement.¹⁶

Community Interaction—Lastly, establishing simple ways for members to interact with each other has proven to strengthen communities. One way to accomplish this is through online communities, which provide forums for interaction, allow members to contact each other more readily, and enable them to work on projects together. Churches that implement and support online communities, for instance, often see dramatic increases in member engagement.

The Iraq and Afghanistan Veterans of America (IAVA) has experienced a similar phenomenon. The organization connects veterans who served in Iraq and Afghanistan with other community supporters in a mostly online, social-media environment. The goal is to unite individuals who have been in similar situations, have similar values, and are looking to establish a sense of community. “With only 0.5% of the American population knowing what it’s like to serve in Iraq or Afghanistan, the therapeutic value of joining such a network can’t be overstated.”¹⁷ Because of the group’s clear association, participation and interaction has grown to a much higher level than is typically seen elsewhere. “Because of the tighter scrutiny and selective admission into the...group, ‘the conversations blossom into something much deeper than what’s going on out in the forums.’”¹⁷ Clearly, once a common bond is established, facilitating interaction among community members encourages greater participation within that community.

Cooperative possibilities—Cooperatives impact the lives of billions across the globe. Therefore, having a better understanding of the cooperative model, its

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community helps resolve low member engagement.

Fostering a greater understanding of how particular principles affect cooperative performance would serve the cooperative movement well. Increased empirical research supporting each cooperative principle would promote understanding of the cooperative movement, and would surface ways to use each principle to address issues that arise. It would also demonstrate the effect of each principle and might uncover previously unknown connections. For instance, how does involvement in a cooperative affect other aspects of members' lives?

It's important, particularly following on the heels of the International Year of the Cooperative, to analyze and apply best practices derived from the cooperative principles and to come together to address any gaps in knowledge. But despite the cooperative model's problems, it remains evident that the model holds true promise for creating change and improving conditions worldwide.

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