

Co-operative Management ADVANTAGE

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Master of Management
Co-operatives and Credit Unions Program
www.mmccu.coop

Student Profile

Craig Lumsden Managing Change

In 2001, Craig Lumsden joined 'smile'—part of The Co-operative Financial Services in the United Kingdom—as Program Manager. “This was a deliberate choice to work for a co-operative organization,” he says, “and it reflected some deep seated personal values.”

These same values attracted him to the MMCCU program. “Throughout my career, I have felt the benefit of an ‘educational top-up’ and this seemed to represent an ideal opportunity to do that again—particularly because of its specialist cooperative relevance.”

An executive director who was Lumsden’s line manager at CFS sponsored the application, which was also supported by the director of the learning and development center. The organization covers all fees and expenses.

More: fun, work, learning

Orientation Week in Nova Scotia last August was a bit of a surprise. “I didn’t expect it to be so much fun,” Lumsden says.

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Craig Lumsden



CFNE’s board and staff gather regularly for day-long work sessions, often including a brief tour of a local co-op. MMCCU grad Erbin Crowell is third from right; CFNE Executive Director Rebecca Dunn is fourth from right.

Co-op Fund Joins CMEC

The Cooperative Fund of New England (CFNE) lends to the region’s co-operatives and community-based businesses (www.coopfund.coop). They recently joined CMEC, the Co-operative Management Education Co-operative that conceived the MMCCU program.

Former CFNE president Erbin Crowell graduated from the program in June. He now works for CFNE and is also an adjunct professor at U. of Connecticut, teaching a course on the co-op movement.

CFNE Executive Director Rebecca Dunn says, “Having Erbin go through the MMCCU program brought a different perspective to us. And it was a life decision for him, a commitment to follow that direction. He is connecting us with the larger co-operative community.”

Lending Rises Sharply

In 2008, CFNE stated they had disbursed about \$17 million during their 34 years. And annual totals are rising sharply; last year set a record at more than \$2 million. The overall repayment rate is 98.8% and they have never lost a penny of investors’ money.

“We have money to lend,” says Dunn. “We want people to think of us as their first financial resource.” They also offer technical assistance and other resources. In November, they will co-host a training day in economic and housing development finance with the National Development Council (contact betsy@cooperativefund.org for more).

Taking Initiative

CFNE is also negotiating with two of its borrowers to make lines of credit available

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Craig Lumsden continued from page 1

“I learned a lot about co-ops around the world...[and] I learned quite a lot about myself.”

It was also, Lumsden recounts, “a reality check about the amount of work involved. It requires quite an understanding partner! However, the consequential learning has been much richer than I had anticipated.”

MMCCU’s collaborative learning methods are “a great way to learn,” he adds. “The way that we all motivate one another in a virtual environment, and the way that we share cooperative experiences across the globe—it’s very inspiring and very motivating.”

“I’ve been surprised how different the fundamentals are. The MMCCU is a must [if you] aspire to excel in the world of co-operative business.”

Mutual Benefits

Although Lumsden was familiar with a lot of the content in the Financial Analysis and Management class, delving into all of the co-operative detail was eye-opening. And, he appreciated the fact that “much of the analysis I undertook was carried out on my host organization. This is a very valuable part of the course, as it encourages students to take a long, hard look at their organizations, including areas outside of their normal fields of specialization.”

In return, of course, the organization reaps benefits from what the MMCCU student is learning. Lumsden is identifying areas of opportunity to more closely align cooperative principles and practices. He also recently secured a nomination to the Co-operative Business Development Board, which funds and lends assistance to start-up co-operative ventures in the UK.



‘I have been surprised at just how different the fundamentals are from those of the limited company world,’ says MMCCU candidate Craig Lumsden, who has 30 years of experience in financial analysis and services, 20 of them with The Co-operative Group.

“Our retail group is consolidating its position as one of the top five retailers in the UK. CFS has embarked upon an extended and radical transformation program that will put it in the forefront of competition in terms of customer experience, speed to market, and efficiency,” Lumsden says.

“The recent merger with the Britannia Building Society—the first of its kind in the UK enabled by new legislation—complements this strategy, creating a super-

mutual that has a critical mass in terms of high street presence and a diverse product range that is unequalled.

“This long-term approach is an example of the ‘co-operative advantage’ (a core concept of the MMCCU program), which means that we are not bound by the short-term pressure that many companies feel from the City of London and institutional investors.”

More Value

“All in all,” Lumsden says, “the future for the co-operative movement in the UK looks positive, and I look forward to playing my part in contributing to that success.” Earning his MMCCU degree is a deliberate step in that direction.

“Whether you play squash, or music, or run a business,” Craig Lumsden declares, “you can’t aspire to excel unless you understand the fundamental laws that enable the activity you’re engaged in. Business leadership in a co-operative requires this same level of understanding.”

“I have been surprised at just how different the fundamentals are from those of the limited company world. The MMCCU is therefore a must for anyone who aspires to excel in the world of cooperative business.”

UK: big picture

Craig Lumsden explains the acronyms:

CFS or Co-operative Financial Services, was brought about by an amalgamation of the Co-operative Insurance Society and the Co-operative Bank.

CFS is essentially a wholly owned subsidiary of the Co-operative Group which traces its roots back to the Rochdale Pioneers, about 160 years ago.

Like many organizations, the Co-operative Group has experienced periods of growth and decline.

Today it is enjoying a resurgence driven by a re-focus on core values and an understanding that cooperation is not a synonym for inefficiency.

My organization, CFS, reflects this resurgence and re-focusing, as exemplified by our Purpose, Vision and Values (Vision—to be the UK’s most admired Financial Services business).

CFS operates through The Co-operative Bank, The Co-operative Insurance, The Co-operative Investments and smile the internet bank. “Good with money—The Co-operative Financial Services” was named Company of the Year 2008 by Business in the Community, a social and environmental responsibility organization in the UK.

John Chamard Remembered

By Tom Webb

On September 24, my good friend and colleague Dr. John Chamard died suddenly. He had been fighting cancer for a few months, but he died of a heart attack at home with his partner Ann Trecartin.

The MMCCU program at Saint Mary's was really born with a phone call from John to me in late 2000. We had reached an impasse with another university; John chaired Saint Mary's Management Department and wondered if we could talk about it. He had already found a willing ally in Dr. Colin Dodds, the President of Saint Mary's.

When we met it was clear that the ground had been well tilled in John's own inimitable fashion. Obstacles were overcome. Problems swept aside. Saint Mary's was ready and willing—even excited—about creating a management program for cooperative business. What followed was a wonderful partnership.

John was many things. He was an accomplished academic and teacher. He could do a budget in his head, transfer it to an envelope and have it be accurate. He was iconoclastic and irreverent in a consistently reverent way. He was irascible and his spirit soared with thoughts of mischief yet he loved the thought of it more than the doing.

“It is with friends that some of the best things in life are done.”

He was a connoisseur of wine and a good many other things. If John liked something and recommended it, you could almost always depend on it. He was also a determined and implacable foe of mindless bureaucracy. He ran on strong values and a profound sense of what was right and wrong.



Friends are people who can be relied upon. They care about you and you care about them. Friends forgive each other when they 'mess up' or lapse into human folly. You know each other's true worth. You know where they stand, and as time progresses you even can imagine with some

accuracy what they might say in the face of some event.

It is with friends that some of the best things in life are done. If you are truly fortunate in life you get to work with friends. It was like that with John. I am enormously grateful for having the opportunity to know him and to work with him. Together, we created something of great value.

In the coming weeks, look for more remembrances of John Chamard from MMCCU Students and others, at www.mmccu.coop. The crew at CMA expresses our sympathy for all of John's loved ones, and our gratitude for sharing him with us. Ed.

Global Co-operation

Speaking up for US co-ops and credit unions

In September, the US House of Representatives voted on HR3221: the Student Aid and Financial Responsibility Act of 2009. They missed a chance to redress a 2006 law that restricted student loans to those attending US institutions, but the bill still has to go before the Senate.

MMCCU student John McNamara of Union Cab Co-op in Madison, Wisconsin, wrote his delegates, asking them to take action. He described the MMCCU as “an MBA equivalent degree for cooperative and credit union managers. It is designed for existing managers, which requires that it be offered on-line. As the only such program provided in the English language, it

is essential that US cooperative and credit union managers have access to the program.”

McNamara, who sits on the board of the US Federation of Worker Cooperatives, nearly had to drop out of the program for lack of available financial aid. “I wrote to you about this problem in 2006,” his letter reads.

“Since then, I have attended three years of [MMCCU] classes...I refinanced my condominium twice with sub-prime mortgages. Fortunately, I refinanced with



Union Cab or Wisconsin's John McNamara

a credit union and so I did not lose my home in the financial collapse of 2008!...[But] without the help and assistance and generosity of Canadian cooperatives, I would not have been able to enroll or maintain my standing.”

McNamara proposes that Congress waive the restriction on student loans, either specifically for MMCCU

or for all Canadian institutions (“in the spirit of NAFTA”), and has sent his letter to several co-operators on both sides of the border.

Co-operative Management ADVANTAGE

Cooperative Management Advantage is the newsletter of the Master of Management—Co-operatives and Credit Unions (MMCCU). The MMCCU is the result of a partnership between Saint Mary's University and the Co-operative Management Education Co-operative. The mailing address is Room 330, Sobey Building, St. Mary's University, 923 Robie Street, Halifax, Nova Scotia, Canada B3H 3C3.

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International Co-operative Identity Statement

"A co-operative is 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. Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others."

The Seven International Co-operative Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Co-operation Among Co-operatives
7. Concern for Community

— International Co-operative Alliance (www.ica.coop)

Co-op Fund Joins CMEC

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for enrolling managers in the MMCCU program. "We've always been interested not only in loans, but in facilitating investment opportunities for individuals who want to support co-ops," Dunn says.

"We have money to lend."

She explains that CFNE cannot lend to individuals, but they can support important programs like MMCCU by providing ways for borrowers to improve their management, and offers an example.

A New England food co-op was faced with turning away out-of-staters who wanted to invest in a new member loan program for the co-op's expansion. Co-op bylaws forbade accepting money from residents of other states. An arrangement was made for their 'friendly aliens' to invest in CFNE, who will pass along that money to the food co-op's expansion project.

This is known as creative resource development, or "Yankee ingenuity." Good on you CFNE, and welcome aboard.

CMEC: Our Roots

The MMCCU program was developed by leading co-operators in North America, Europe and Oceania. They created CMEC to support global, leading edge post-graduate education for English-speaking managers of co-operatives and credit unions (see p.7).

CMEC partners with Saint Mary's University in Halifax, Canada to produce the fully accredited program. The offices are located at the prestigious Sobey Business School, as is The Centre for Excellence in Accounting and Reporting for Co-operatives.

The MMCCU program rates consistently high marks from the graduates themselves, many of whom are senior managers and eager to deepen their understanding of and contribution to their own co-ops and credit unions and to the global co-operative community.

The co-ops, credit unions and other sponsoring organizations who pay some or all of a student's tuition also praise the program—often in the pages of this newsletter. They identify benefits their groups have realized from sponsoring an MMCCU candidate.

To read Student Profiles or the newsletter, or to learn more about becoming a sponsor or a student go to www.mmccu.coop.

All or Nothing?

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the authors warn that "there are clearly other issues facing co-operatives and their environment that need to be addressed... Measures of performance (besides the financial indicators) are required for co-operatives in order to capture their social functions and non-market activities."

Measuring the co-op difference

The paper cites a 'profitability range' framework of financial reporting to ensure co-operative success in terms of both the

financial and social returns, as developed by Stefan Schwab. According to his approach, "best practices" co-operatives "would operate on a rate of return between the lower bound, which ensures financially sound operations, and the upper bound, which ensures that the co-op satisfies its social mission (i.e. it is not making too much profit).

The papers' authors then declare, "This type of debate leads us to our questions-how can co-operatives maintain their values-based identity and compete in the market econ-

omy? How can they set their own performance standards to judge their success?

“Besides the obvious survival and viability indicators, possibly based on Schwab’s rate of return measures, we believe that co-operatives need tools to tie their strategy and measures of performance to the co-operative principles and values.

“Co-ops need tools that...identify social responsibility as an integral part of long-term strategy.”

“The difficulty with co-operative management is that there are no tools that clearly link the daily operations of the firm to the principles and values. Therefore, co-operatives often find it difficult to effectively communicate and manage the appropriate information about competitive pressures, financial pressures, changing member preferences, or other influences that may affect their strategy.”

New Tool in the Toolbox


The process the research team underwent in adapting the commercially available Open Index tool to co-operative firms led them to develop the Co-op Index tool. It relies on a questionnaire created with input from practitioners and consultants in the co-operative sector, as well as from researchers in various fields (management, sociology, economics, and organizational psychology).

The nearly 170 questions are sorted into 30 dimensions and grouped into four categories: organizational systems, organizational climate, personal attitudes and actions, and overall effectiveness of the organization.

Unlike Open Index, which looks merely at the individual, the Co-op Index includes measures of all levels of effectiveness: individual, organizational, and societal. This distinction is important as a measure of co-operative “social responsibility” as it is embedded in daily operations, rather than being a function of profitability of the organization.

The paper clearly has a viewpoint: “Co-operatives need tools that would allow them to incorporate co-operative principles and values into their strategy, as well as their daily operations, and to do so requires ways to measure the degree of adherence to the principles, as well as to identify areas


in need of improvement...[this would have] the potential to add quality to the products and services offered by the sector, to differentiate co-operatives as participatory democratic organizations, and to identify co-operative social responsibility as an integral part of a co-op’s long-term strategy.”



What **grows** the longer you work at it?

The **value** of a Master’s degree in **co-operative management** from **MMCCU**.

The only Master of Management – Co-operatives & Credit Unions in English from an accredited university. A distance-learning program designed to allow you to study & work.




“The closer we get to the end of the course, the more interesting it becomes, and the more usable it is for me. This program is applicable across the board. There’s been a very diverse cross-section of managers, from a three-person worker co-op to England’s Co-operative Group—the world’s largest consumer co-op with more than 70,000 workers—and the information we’re getting is pertinent to any of them.”

Robert Lemoine
VP, Retail Operations and Food Management, Co-op Atlantic

Tom Webb, Program Manager
John Chamard, Program Co-ordinator
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Accepting the Coady Award from Mary Coyle, Director of the Coady International Institute (center) are iNova's Dave McCarthy, Financial Services Officer, and MMCCU graduate, CEO Willy Robinson.

Coady Award Winner

At its 75th AGM, Credit Union Central of Nova Scotia bestowed the Coady Award on iNova Credit Union. Granted in memory of Father Moses Coady, a founder of the Antigonish Co-op Movement, it is presented annually to a credit union or *caisse populaire* in Nova Scotia, Newfoundland or Labrador that best exemplifies leadership, contribution and commitment to social action and the well-being of its community.

iNova is a founding member of the Atlantic Canadian Sustainability Initiative and embraced The Natural Step framework, largely through the efforts of its CEO Willy Robinson, an MMCCU graduate.

During the past three years, iNova CU has helped 21 entrepreneurs realize their dreams of business ownership, granting

more than \$120,000 in micro-credit loans. In addition, it has granted almost \$5 million in small business loans.

"I accepted this prestigious award and we display it in our office as a reminder of the continuing need to keep the Co-op Principles and ethical values in our daily activities," says Robinson. The internationally recognized Co-op Identity Statement is at www.ica.coop.

MMCCU Students Win Scholarships

John McNamara and Andrew McLeod, both MMCCU students, recently received \$1,000 Lemaire Co-operative Studies Awards from the Canadian Association for Studies in Co-operation (CASC). The scholarships are aimed at students who are active in the co-op sector.

McNamara, whose letter to his legislators appears on page 4, is looking into how co-operative management theory translates into practice through a study of Union Cab, his worker co-op in Wisconsin. McLeod, whose book *Holy Cooperation: Building Graceful Economies* was recently published, is researching co-operative food systems from his home base in the north-western US.

The two will also receive a free membership in CASC and free registration at the 2010 CASC conference, taking place at Concordia University in Montreal next spring.

Bob Dylan ok's UK Co-op

"Bob Dylan is one of the most respected poets and influential figures of the 20th century, both musically and culturally," declares The Co-operative Group web site. So, the fact that Dylan granted them use of one of his signature songs, "Blowin' In the Wind" for a TV ad is impressive.



Managing director of Columbia Records in the UK Mike Smith said Dylan was swayed mostly by The Co-op's ethical approach to business.

The ad's theme is "The co-op: it's good for everyone." This includes, as Britain's largest farmer (70,000 acres), being the leading agent for Fair Trade in the nation's grocery industry; being deeply engaged in—and a leading voice on—climate change issues since 1998, via The Co-op Bank; generating enough wind-power on its own farms to supply 30,000 homes; providing technical assistance and other help to numerous co-operative ventures around the world, and more.

Director of photography for the TV ad, Aaron Phillips, says in an online interview, "It's a real pleasure philosophically and morally to work for a company that has these humanitarian concerns and to see how successful it is. It shows that [co-ops] really can work."

Andrew McLeod, 2nd from right, at MMCCU Orientation. McLeod is one of two MMCCU students to win a scholarship from CASC.



MMCCU News

He pauses, and adds, “It’s a great role model, quite honestly.” View the ad, as well as background interviews, at: <http://www.co-operative.coop/aboutus/bobdylan/>

This Co-op Rocks!

Hanover Consumers Cooperative is an icon in the US food co-op world. Begun around 80 years ago out of a garage in New Hampshire, today it occupies a former supermarket as the anchor store in a shopping center. It is a member of CMEC and its well-known GM Terry Appleby has presented at Orientation.

The co-op credits much of its success on a dedication to good management and a high degree of member patronage. It has also embraced innovation, creating a community garden to help feed local families in need, starting a fund to help new co-ops form, and focusing on local food long before it became the fashion.

Now, the co-op has a new website aimed at promoting co-operatives to young people. *Co-ops Rock* was created by Ken Davis, Hanover’s Web editor. He got the idea after

a group of young people toured his co-op.

“I noticed two things really resonated with them,” he says, “the co-operative message I was talking about, and all the wild art I had on my walls.” The site, which boasts several videos sent in by members around the country who claim their co-op rocks, has already attracted the attention of local high school teachers, who invited Hanover Co-op representatives to speak in their classes. Visit it at: <http://coopsrock.coop>.

Berberini’s Advice

Ivano Berberini, President of the International Co-operative Alliance (ICA), passed away on May 6, 2009 after a long illness. He will be sorely missed. The MMCCU program’s Study Visit to Emilia Romana last October included attending an award ceremony at Bologna University, honoring Berberini.

MMCCU graduate Erbin Crowell, who was there, writes, “I was struck by the formality and scale of the ceremony—a major university honoring a co-operator!

But this was Italy, of course, a country with more co-ops per capita than any other in the world, and Berberini was a leading figure not just nationally, but on a global level.”

Berberini spoke about the need for co-ops to engage the next generation, and hearing him inspired Crowell to explore some of the great co-operator’s writings, many of which are posted on the ICA’s website (www.ica.coop).

“What is clear in these papers is not just his passion for co-operation, but his understanding of our responsibility to take action in the context of a failing global economic system,” Crowell states. Berberini believed the crisis of capitalism was a moral one and co-operation its antidote.

“What must be preserved and constantly renewed,” our late colleague has written, “is the sense of belonging, that ‘creative dissatisfaction’ which has motivated entire generations of co-operators to build a better world for everybody.” Thank you, Ivano Berberini.

CMEC Membership

Co-operative Management Education Co-operative—October 2009

Co-operatives and Credit Unions

Concentra Financial, Canada
Cooperative Fund of New England, USA
Co-op Atlantic, Canada
Credit Union Central of Prince Edward Island
Northumberland Co-operative Dairy, Canada
Fredericton Direct Charge, Canada
The Co-operators, Canada
The Co-operative Group, UK
Scotsburn Co-operative Dairy, Canada
Sydney Credit Union, Canada
Credit Union Central of Canada
Midcounties Co-operative, UK
Credit Union Central of New Brunswick
Newfoundland Labrador Federation of Co-ops
FirstOntario Credit Union, Canada
Meridian Credit Union, Canada
Central 1, Canada
Co-operative Housing Federation of Canada
Gay Lea Foods, Canada
Ontario Natural Food Co-operative, Canada

CUMIS, Canada
Scotian Gold Co-operative, Canada
Canadian Co-operative Association
United Farmers of Alberta, Canada
Scottish Agricultural Organization Society, UK
Envision Financial Credit Union, Canada
Arctic Co-operatives Ltd., Canada
Credit Union Central of Alberta, Canada
Federation of Alberta Gas Co-operatives
National Co-operative Bank, USA
Boeing Employees Credit Union, USA
Wedge Community Co-operative, USA
Nova Scotia Co-operative Council, Canada
Brattleboro Food Cooperative, USA
Hanover Consumers Cooperative, USA
Canadian Worker Co-operative Federation
York Credit Union, Canada
ACA Poultry Co-operative, Canada
GROWMARK Canada/USA
VanCity Credit Union, Canada
Credit Union National Association USA

Educational Institutions

Saint Mary’s University, Canada
Co-operative College, UK
Center for the Study of Co-operatives, National University of Ireland, Cork
Co-operative Development Institute, USA
New Zealand Association of Co-operatives
Co-op Federation of New South Wales
National Coop Business Assoc., USA
Co-operatives UK
NW Coop Development Center, USA
Co-operative Fed. of Victoria, Australia
Lappeenranta Univ., Co-op Business Unit, Finland

Individuals

Marshall Winkler, Hawaii, USA
Sir Graham Melmoth, UK
Dr. Leslie Brown, Nova Scotia, Canada
David Blackburn, Michigan, USA
Peter Podovnikoff, BC, Canada
Geoff Southwood, Alberta, Canada

What Is MMCCU?

The Master of Management—Co-operatives and Credit Unions (MMCCU) degree program was created in 2002 by a partnership between the Co-operative Management Education Co-operative (CMEC) and Saint Mary's University in Halifax, Nova Scotia.

It is the only Master's degree in co-operative management offered in English by an internationally accredited business school.

Each August, an international group of students and faculty meets in Nova Scotia for Orientation Week. Then students return to their respective countries and communities to begin the 12 online courses of individual and group studies that lead to earning a Master's degree. Half-way through the program there is a 10-day Study Visit to an exemplary region of co-operative business activity, such as Mondragon, Spain or Emilia Romana, Italy.

All course work reflects the needs of, and is applicable to, the candidate's sponsoring co-op or another co-operative organization. Many of these are members of CMEC, listed on page 7. New members are welcome.

Registration closes May 31st for the course beginning in Fall, 2010. Later admission may be considered.

Tel (902) 496-8170
www.mmccu.coop

To read interviews with MMCCU graduates and students on the MMCCU web site, go to Candidate Profiles: <http://www.mmccu.coop>.



MMCCU's Founding Program Director John Chamard remembered, page 3

All or Nothing?

'Total participation' may be key, posits research team

Sonja Novkovic teaches 'Globalization from The Cooperative Perspective' in the MMCCU program. She is conducting research with Peter Hough of the Canadian Worker Co-operative Federation, and Polish organizational psychologist, Dr. Ryszard Stocki. They presented preliminary findings at an ICA Research conference in Oxford, UK in early September.

Their paper is titled "Participation in co-operative firms: Theory, measures and impacts." It looks at the impact of employee participation on organizations, specifically on co-operatives as special cases of participatory organizations. It utilizes the work of R. Stocki, P. Prokopowicz and G. Zmuda on "total participation theory" in attempting to measure co-operatives' organizational effectiveness vis-à-vis the ICA principles and values.

Parsing Participation

Some scholars categorize the main dimensions of participation as ownership, degree of control, range of issues, and organizational level of employee influence. In all four categories, worker co-operatives are placed at the extreme: workers are full owners who make decisions on all issues and have total control of management. They function at all levels: individual, group, plant, company.

As a management strategy, many firms have attempted to "empower" the employees and have them "take ownership". In the neoclassical economists' view of ownership—the right to control the firm plus the rights to any returns—it is possible to measure the degree to which each of these rights is held by the employees.

Novkovic and her colleagues cite "Employee Participation, Ownership, and Productivity: A Theoretical Framework" (Ben-Ner and Jones, 1995) who state that increased control without increased returns may be detrimental to an organization, and vice versa; "they conclude that a combination of full rights in control and returns will produce the most impact on both the motivational aspects (individual level) and overall effectiveness (organizational level)."

Performance and Ownership

The total participation approach recognizes the multiple levels of an organization's effectiveness, namely its effect on an individual and his/her growth, its effect on the organizational goals such as viability, and its effect on external stakeholders who may or may not take part in the decision-making process.

"While in economics the focus is on the ownership aspect of organizations," Novkovic, et al. write, "organizational psychology recognizes that, for employee ownership to exert influence on group and individual outcomes, formal ownership must lead to psychological ownership, and this then leads to behavioral effects." The research of David Erdal and others is cited, which traces effects of co-operative "saturation" on quality of life indicators.

But, the authors note, while "it is well understood in the literature that co-operatives have their social purpose entwined with their economic goals...defining that connection, and linking it to organizational success, has been a challenge."

Although there are a number of studies to refute "the co-op inefficiency hypothesis"

continued on page 4