

# **Co-operative Research Inventory Project**

## **Overview of English-Language Literature**

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## **INTRODUCTION**

The co-operative research inventory project is a joint undertaking between the Co-operatives Secretariat (CS), Centre Interdisciplinaire de Recherche et d'Information sur les Entreprises Collectives (CIRIEC-Canada) and Centre de recherche sur les innovations sociales dans l'économie sociale, les entreprises et les syndicats (CRISES), the British Columbia Institute for Co-operative Studies (BCICS) and the Centre for the Study of Co-operatives (CSC), acting as project lead. The Centre for the Study of Co-operatives worked with researchers from the British Columbia of Co-operative Studies to compile and analyze the English-language literature, while CIRIEC-Canada undertook the gathering and review of the French-language research literature.

The inventory provides an evaluation tool for the assessment of applications made to the Co-operative Development Initiative (CDI), a new program of the Co-operatives Secretariat, that offers advisory services and grant funding for innovative co-operative research and development initiatives. It is the hope of the project research team, that this inventory will also offer a starting point for continued, and more in depth analysis, of trends in recent co-operative research literature. The project team also recognizes that there is significant value in gathering together, and linking, through bilingual descriptors, the French and English research literature.

## **SCOPE OF RESEARCH**

The inventory focuses on recent research, published or carried out, within the last 10 years. The content is limited to co-operative-related research (mostly non-financial) in industrialized countries with a particular emphasis on information relevant to the Canadian context. In order for further focus the project and to increase relevance for the current interests of the CDI, a number of key themes have been identified as areas of particular interest. It should be noted that there may considerable overlap between many of these theme areas. In some cases, it is expected that the same literature may be cited under more than one theme. The application of descriptors in the annotated bibliography, will also help to ensure the most comprehensive access to the references, regardless of primary theme attribution.

The themes are grouped together as follows:

- Adding value to agriculture
- Access to healthcare and home care
- Development of Aboriginal communities
- Local Economic Development and social development
  - Community capacity building
  - Rural economic development
  - Urban economic development
  - Community solutions to environmental problems
  - Social Cohesion

- Social Innovation and Co-operatives
- Service delivery (for hard to reach)
- Integration of immigrants into Canadian communities
  
- Governance and management
  - Capitalization
  - Co-op development and endogenous funding models
  - Co-op models adapted to new global economy and capital requirements
  - Globalizations
  - Worker co-ops and succession planning
- Co-op development opportunities and barriers

Research resources, have been evaluated for inclusion in the inventory on the basis of their “fit” within the identified themes, the value of the research for the Canadian context, and an assessment of the research for its contribution to co-operative development and innovation. The inventory focus is on research that has significant applied components or potential, and theoretical / analytical research that may contribute to the innovation and development of the co-operative model. The inventory is generally limited to published literature located through bibliographic databases, journal indexing and abstracting services, and through some internet searches. Both peer-reviewed and popular press items have been included in the inventory, but many brief articles containing little research content have been excluded.

In keeping with the intent of this inventory, the focus was on research that related directly to co-operatives within the various themes outlined. During the course of the research there were numerous examples of literature not directly related to co-operative enterprises, experiences or development, which might be of value to the project -- adding scope and depth to the information found in the report, and most importantly to the goals of the co-operative innovation research and development agenda of the CDI. Although it is not the purpose of this report to capture and review this additional literature in any systematic manner, if such literature was discovered in the course of the research, it will be included in the bibliography and highlighted in the body of the report.

Both the English- and French-language portions of the report include two main sections; a written report offering an overview of the current co-operative research literature highlighting emerging trends and apparent gaps; and an annotated bibliography. The reports will not be translated as part of this project, but together they constitute the final project deliverable.

## **LIMITATIONS**

It is important to keep in mind that this inventory is not an exhaustive review of the current co-operative research literature. This report should be viewed, rather, as an overview of current, selected, research publications that are relevant to the identified

theme areas listed above. The inventory also excludes research publications addressing co-operatives in the developing world.

As much as possible, the works included in this inventory were read, or reviewed for content and relevance, for this project. In some cases, due to time constraints, it was not possible to locate the full text of documents so assessment for inclusion was based on available bibliographic information and abstracts. The researchers felt it was important to include these items as they were considered to be of potential value for the purposes of this project. Including these references helps to create a more complete research picture, and allows for in-depth review at a later date.

The considerable limitations due to a short time frame of this project should also be kept in mind. This may result in missed references to valuable research as well as to curtailed analysis of content where documents were available for review. The research team welcomes suggestions of additional references.

## **CONTRIBUTORS**

A number of researchers associated with the various partner organizations were involved in the development of this inventory. These include research staff, librarians, faculty, and students assistants. Their contributions were vital in bringing this project together in such a short time.

The Centre for the Study of Co-operatives, University of Saskatchewan co-coordinated this project and acted as lead in liaising between the French- and English-language sections of the inventory. Carol Shepstone, Librarian/Research Officer, provided overall project co-ordination and contributed to the research process. Roger Herman, Educational Officer, worked on large sections of the inventory as did Julie Gibbings, Master's student in the Department of History. Consultation and expert advice was also provided by Brett Fairbairn, Director Centre for the Study of Co-operatives, and numerous other Centre research fellows and scholars.

The British Columbia Institute for Co-operative Studies (BCICS) located at the University of Victoria, also authored sections of to the English-language inventory. Kathleen Gableman, Director of Research provided coordination and supervision of student researchers, and Ian McPherson, BCICS Director provided expert consultation on this project. Content contributions were also made by student researchers, Anna-Marie Krahn and Andre Vallillee.

The French language section of the research inventory was coordinated by Marie Bouchard, with the Centre interdisciplinaire de recherche et d'information sur les entreprises collectives (CIRIEC-Canada) and the Centre de recherche sur les innovations sociales dans l'économie sociale, les entreprises et les syndicats (CRISES), in collaboration with Michelle Champagne, librarian at HEC-Montréal and CIRIEC researcher, Sylvie Rondot and Yves-Charles De Kerstrat, research agents at CRISES, in

compiling the research and writing the overview of the current state of co-operative research published in French.

## **ADDING VALUE TO AGRICULTURE**

As the title suggests, this literature inventory is focused on “adding value” to agriculture. Rather than discussing “value added” agriculture, “adding value” has a wider connotation that includes co-operative practices of adding value in the process of meeting their members needs (Fairbairn, 2003). This shift from a focus on co-operative products and services as commodities to member needs requires that co-operatives attend to the specific and unique needs of its members. Adding value may involve offering special or unique services, sharing operating success through patronage refunds, reducing the cost of inputs through pooling resources, securing a market niche with higher prices, fostering a sustainable environment, or by developing nonmaterial relationships. Adding value to agriculture in this sense is not just moving up the supply chain, and is not limited to New Generation Co-operatives, but entails a shift in focus in co-operative theory and practice that transcends the dichotomy between the economic and the social.

The literature on agricultural co-operatives is not only dynamic, but also sizeable both in terms of range and magnitude. Due to time constraints and the extensive nature of literature, this research inventory is necessarily limited in both detail and scope. Due to the focus on a sector of co-operative practice, this review overlaps with other areas in the research inventory. Cross-referencing with other parts of the inventory would facilitate an examination of any issue in this section. Moreover, the narrow focus on co-operatives has limited some of the interesting and highly relevant research in related areas. The report, nevertheless, provides a valuable window into the existing literature and some helpful avenues for future research. In order to facilitate an overview of the literature, this research report has been broken down into categories. The actual research, however, is much more interconnected and fluid than the categories can accurately represent.

## **STRUCTURAL CHANGE IN AGRICULTURE**

The overarching theme in the literature concerns the changing structure of agriculture in the current era of globalization and liberalization. Much of the literature focuses on debates around the nature of this change and discerning the implications for co-operatives. The various approaches to this change can be broadly categorized into two approaches. The first, most prevalent, in the discipline of agricultural economics asks how co-operatives can successfully adapt to ongoing changes in agriculture. The second approach, which is associated more with a social science perspective, asks how co-operatives can offer forms of political and economic resistance to globalization. This approach also contains strands concerned with questions of social justice and environmental sustainability.

## **STRUCTURAL CHANGE AND THE IMPLICATIONS FOR CO-OPERATIVES**



The literature concerning structural change in agriculture and its specific implications for co-operatives includes, but is not limited to, the following themes.

- a) Increasing individualism and problems for collective action (Fulton, 1995)
- b) Increasing specialization, producer member heterogeneity and problems for co-operative structures (Bogetoft, 2003)
- c) The effects of diversification and vertical integration on firm profitability (Bourlakis, 1997)
- d) The economic efficiency of co-operative organizational structures (Carmen, 1997)
- e) The importance of quality and interdependence among farmers (Fulton and Sanderson, 2003)
- f) The disappearance of shortage markets and the threat posed to agricultural marketing co-operatives (Hendrikse, 1997)
- g) The threats and opportunities that result from increased competition, trade liberalization, and the changing role of the nation-state (Moreira, 2001)
- h) The challenges posed by a knowledge economy (Goldsmith, 2002)
- i) The new role of farmers and farmer's perceptions of these roles (Fairbairn, 2003)
- j) The cases wherein the co-operative marketing form is the most efficient in the context of vertical integration and technological change (Hendrikse, 2002)
- k) The challenges posed by a market-orientated strategy to co-operative ownership, decision-making and conduct (Kyriakopoulos 1998, 1999)
- l) The importance of strategic alliances and networks in the new agriculture (Holmlund and Fulton, 1999)
- m) Problems with capitalization (Siebert 1997, Sims 1996, Doyon 2002, also see New Generation Co-operative Case Studies 2000) and sources of financial stress in co-operatives (Moller 1996).

There are also important works which attempt to look at the structural changes holistically, some of these works include Cook (1993 and 1995), Fulton and Sanderson (2003), Fairbairn (2003), Doyon (2001) on the dairy industry specifically, Michael F. Seipel and William D. Heffernan (1997), Jerker Nilsson and Gert van Dijk (1997), and Dunn (2002).

## AGRICULTURE CO-OPERATIVE RESPONSES TO STRUCTURAL CHANGE

The literature on co-operative responses to changes in agriculture overlaps with much of the above literature. This literature can be divided into three subgroups – studies that describes changes in co-operatives overtime, studies that attempt to determine which kinds of change will be successful or unsuccessful, and factors that influence decisions to adapt. Often any single article will deal with all three aspects while focusing more on one than the others. Due to the substantial amount of literature dealing with New Generation Co-operatives (NGCs), there is a distinct section for literature on NGCs.

In studies that focus on the case studies, or overviews of co-operative change over time, are ones that focus on specific case studies and others that offer a broader approach to co-operative change. Among those that examine larger trends and broader theoretical issues

is Cook (1993, 1995) who distinguishes among various archetypical agricultural co-operatives and Gert van Dijk (1997) who examines causes (or reasons) for co-operative business over time and discovers a new reason in the current agriculture restructuring. Gios (2002) analyzes the direction that co-operatives have evolved with a focus on how to balance innovation with co-operative principles. Among those that examine specific cases of change are a series of studies published by USDA. Although these are American examples, a more detailed examination might demonstrate a direct or indirect relevance to the Canadian context. More specific examples are Doyon's study (2002) that looks at changes in the Canadian dairy industry since 1983, Cotterill's (1994) chapter on co-operative competitive marketing strategies in branded dairy markets, Goddard's (2002) study of responses by supply and marketing co-operatives in Alberta, and Harris and Fulton's (2000) case studies of farm machinery co-operatives, and Ketilson's (1997) study of the Saskatchewan Wheat Pool. Levi (1998), alternatively, looks at multi-stakeholder co-operatives and compares them with a "hybrid" co-operative with an external investor to illustrate that different organization types will differ in their short-term objectives and the broader implications.

Change in co-operative management capitalization and finance appear to be preoccupying issues. Blank (1994) looks at agricultural co-operatives currently making management adjustments to assess their strategies regarding financial and risk management. Parliament (1993) addresses the effects of risk on the proportion of equity held by agricultural co-operatives by measuring business risk and financial risk that are dependent on the proportion of debt in the co-operatives capital structure. Namken (1995) evaluates the concept of value-added as measure of economic performance and concludes that a value added statement is an appropriate supplement to the income statement for co-operative because it shows the dollar amount of value that is added to the product is distributed to those contributing to its creation. Wadsworth (1993, 2001) details case studies and statistical overviews of co-operative uses of strategic planning, the various technical aspects of it, and the degree of director's involvement in planning. Milton (2001) also describes the adoption of strategic planning by co-operatives.

In the literature examining "success factors" are studies that examine the structural conditions that delimit the kinds of co-operative business that will be successful or unsuccessful. These include Cook (1993, 1995), Fulton and Gibbings (2000), Ollila and Nilsson (1997), Bruynis, Goldsmith, Hahn and Taylor (2001), and Pritchard (1996). Others emphasize that co-operative success lies in capitalizing on what make co-operatives unique (Cote 2000), Gray 2001). Goldsmith (2002) warns against what he calls "long jump" change and argues for "relationship management" which produces knowledge leading to value added. Gray (1998) calls for a broader more holistic approach to co-operative conversions, which he argues, would enable a more complete expression of the implications of agricultural co-operative conversions.

More specific cases studies have examined why some joint ventures and strategic alliances in grain marketing are successful and others are not (Fulton, Popp and Gray, 1996). Barton (1993) developed a financial model for determining the feasibility of proposed mergers among local co-operatives.

The work on factors influencing decisions to adapt includes Gertler, Jaffe, and Swystun's (2002) study of organizational innovation and social factors influencing farm diversification and sustainability, Herman's (2003) research report examining the role of social cohesion, economies of scale, and path dependence in determining if a community of producers will engage in some value added activity and what organizational form they are likely to select, and Hudson's (2002) study of the factors influencing decisions to enter into partnerships or mergers. Zeuli (1999) examines farmers' actual and potential motivations for undertaking risk management and their feasibility. In a unique perspective, Entrena (1998) looks at the ideological discourses, which guide and legitimize farmers' reactions to globalization.

## NEW GENERATION CO-OPERATIVES

There is a burgeoning literature on NGCs, and much of the above literature also discusses the NGCs phenomena. Works that deal specifically with NGCs include a series of studies by Fulton (2001), as well as Stefanson, Fulton, Harris (1995, 1997a, 1997b, 1998) which detail how NGCs work, their principles, the background for NGCs development, the process of their development, elements critical to their growth, and assessments of their feasibility in Saskatchewan. In the American context, literature on NGCs includes a series of case studies detailing specific examples of NGCs (2000) and numerous reports conducted by USDA. Kotv (2000) examines the history of one NGC, and Jorgenson (1996) the role of traditional values in NGCs management. Boland (1999) studies the decisions by producers to invest in a closed-membership co-operative, and Olson, Kibbe, and Goreham (1998) compare members of NGCs and non-members. There are also a variety of works looking at specific issues related to NGCs, such as legal issues, (Haff and Stefanson, 2001; Hanson, 2000), securities and secondary trade (Stefanson, McIntosh, Murrison, 2001), development guides (Saskatchewan Economic Development 1996; Gerber, 1996), and an American directory of NGC developed by Merret, Holmes, and Waner (1999). Cook (1999) and Harris, Stefanson, and Fulton (1996) have discussed how NGCs can be used to inform the development of theories of the firm and co-operative theory respectively.

## CO-OPERATIVES AND RESISTANCE TO CHANGES IN AGRICULTURE

The literature highlighting co-operative resistance to globalization include Gray (2000) who address co-operatives ability to challenge the individualism of "high modernity", similarly Ben-Rafael (2001) studies the challenges faced in advancing co-operation in the unco-operative worlds of globalization, and Caceres (2000) on the role of traditional co-operative values in resisting globalization. Alamas (1997) explores the role of Norwegian dairy industry, and Grey (2000), farmer resistance to structural changes in the pork industry through agriculture co-operatives that market "free-range pork". Goddard (2002) examines the political lobbying conducted by a supply-managed further-

processing co-operative and a diversified grain co-operative. Mooney, Roahrig and Gray (1996) take a sociologist's perspective of how the reprivatization discourses of neoclassical economics depoliticize co-operative enterprise. This leads the authors to argue for a repoliticization of cooperation through attention to the historical and sociological forces necessary to reinvigorate extra-economic values and oppositional discourse that is part of the historical development of co-operatives.

## ENVIRONMENT AND SUSTAINABILITY

Some general research on rural co-operatives and sustainability include Gertler's (2001) study of the structural, economic, social, cultural, and political factors that affect the ability of co-operative to implement environmental management. Another study focuses on the changing structure of four American livestock industries and the implications for farmers to adopt more sustainable practices (Hinrichs, 2003). Pretty (1999, 2000) examines five different mechanisms, including community co-operatives, as mechanisms for maintaining ecological capital and retaining some of the value in food systems in rural communities. In a book length treatment, Steenblik (1998) examines how farmers are voluntarily forming community-based associations to better the natural environment and how this activity can be encouraged.

The specific model of community shared agriculture (CSA) is somewhat developed in the literature. Delind (2002) for example discusses CSA's and NGCs as a form of "civic agriculture" with the potential to provide an alternative strategy for food production, distribution and consumption, as well as for "grounding people in common purpose" with a sense of belonging to a particular place. Dyck (1994) compares CSA with the Seikatsu Club in Japan, while Stagl (2002) addresses local food markets, such as CSAs and farmer's markets, that have the capability of making contributions to sustainable development, and to what extent. There are also important discussions of the role of urban agriculture, such as community gardens and CSAs, in promoting healthy and low cost food for low-income urban populations. Other individuals are also discussing community conservation land trusts (The Economist 1997, Hiltz, Mitchell and Wood 1993, and Wright 1994).

## LOCAL ECONOMIC DEVELOPMENT

Literature explicitly examining local economic development includes Buendia Martinez (2002) study of the place of rural co-operatives in rural revitalization in Brazil, Canada and elsewhere, Merret's (2001) study of how NGCs help promote rural economic development and slow out-migration in the United States, Tretcher's (n.d) similar study of the pros and cons of using co-operative structures as an economic development tool, and the social and economic affects of NGCs on their communities, and Crooks (1994) study of the economic affects of first handler grain co-operatives. Moran (1996) takes a more political approach and examines how empowering family farm co-operatives and producer marketing boards, can help protect family farms from the full costs of market

relations, assist shareholders in capturing downstream profits, and enable farmers to develop and maintain ownership of new technology. In another case study, Moran (1996b) looks at how co-operatives and more politically orientated organizations enable farmers to influence the form of agro-commodity chains and legislation governing the rural sector. For additional overlapping and related research please refer to the rural economic development section found later in this report.

## AGRICULTURE CO-OPERATIVE DEVELOPMENT OPPORTUNITIES AND BARRIERS

Research in this subgroup overlaps considerably with the previous subgroups since opportunities and barriers are fully implicated in questions of co-operative responses to structural change, and the very nature of structural change itself. Kennedy (1995, 1997) assesses the opportunities for businesses, including co-operatives, in marketing food and fiber products in the new global economy. Lewis (1996) examines agriculture co-operative development opportunities in Alaska and in the South and Southeast (1997). Marcus (1994) studies the challenges and opportunities for producer bargaining associations in the American context. McEwen (1994) summarizes barriers to value-added production in Manitoba, and Royer (1995), the comparative advantages and disadvantages of farmer co-operatives in coordinating the marketing of agricultural commodities from the raw commodity to the processed good. Black (1999) examines the risk sharing instruments of three closed sugar-beet processing co-operatives in Minnesota and North Dakota and concludes that potential exists for co-operatives to act as an insurance company providing tailored insurance while reducing transaction costs and information asymmetries.

## AGRICULTURE CO-OPERATIVES AND INVESTOR-OWNED FIRMS COMPARED

In literature comparing the advantages and disadvantages of co-operatives and investor-owned firms there is Belhadji's (2000) profile of Canadian agricultural co-operatives Harris and Fulton's (1996) study of the comparative financial performance of co-operatives and investor-owned firms in Canada, a series of similar studies of comparative financial performance of U.S agricultural co-operatives conducted by USDA, and Genzoglani (1997) compares the financial performance of IOFs and co-operatives in the dairy industry in Canada and then compares his results with similar studies in Europe. Other studies examine specific aspects of co-operative versus non-co-operative characteristics. For example, Caswell (1994) examines whether co-operatives have an advantage under systems of vertical quality control, Fulton (1995) studies whether co-operatives have constraints to growth in terms of industry and size, and Hobbs (2001) finds the Danish pork industry can overcome competitive disadvantages through close vertical and horizontal coordination facilitated by the industry's co-operative structure. Sykuta and Cook (2001) have examined the contractual design differences between IOFs, traditional marketing co-operatives and NGCs, and the implications for vertical and horizontal integration. Levi (2001), on the other hand, has examined the differences

between IOFs and co-operatives on a sliding scale looking at differences among co-operatives and IOFs in terms of their ability to embed economic relations in social relations. In another related article, Levi argues that the more economic activity a co-operative pursues, the more it becomes market orientated, and the less like a co-operative.

## MEMBERSHIP AND DEMOCRACY

Social and cultural changes among farmers, including increasing heterogeneity and specialization, correspond to changes in degree of individualism and collectivism. As highlighted by Bourgeon and Chambers (1999), these changes, including producer differentiation, have posed new challenges for co-operatives. Hakelius (1999) has examined generational change and farmers' perceptions of co-operatives and their commitment to it. Joan Fulton and Adamowicz (1993) has studied factors influencing member commitment. Karantinis and Kostas (Kostas and Zago, 2001) studies the effects of endogenous membership and heterogeneity of membership on co-operative behaviour. In the same journal, Fulton and Giannakas (2001) study the membership commitment in the context of mixed oligopoly where co-operatives and IOFs compete with each other in supplying a consumer a good.

Hind has suggested that over time and alongside changes in membership commitment, co-operatives become more corporate like. Some responses to these changes include NGCs and closed membership with clearly delimited property rights and changes in pricing mechanisms.

These issues of social and cultural changes in farmer members is intimately linked to questions surrounding membership control and membership participation in agriculture co-operatives. Katz (1997) has illustrated the importance of ownership in decision-making in agribusiness firms; Gray (1994, 1998) has discussed the importance participation plays in constructing farmer understanding and appreciation of co-operative organizations. Gray's results also illustrate the continuing importance of co-operative principles, values of collective action, and member identification with the co-operative organization. Reynold's (1997a) study of the voting power, individual members and how directors are elected to co-operative boards illustrates the importance of democracy to co-operative functioning. Another study by Reynolds (1997b) examines the role of member consensus and policy consistency in developing member cohesiveness and support for co-operatives in the context of competition and increasing membership diversity. Lasley (1997) examines the role of ethics in co-operative business as a mechanism of strengthening trust and membership commitment and loyalty. Fairbairn (2003) use of the concepts of linkage, transparency, and cognition is the most comprehensive and thoughtful inquiry into the relationships between co-operatives and membership, and the role of membership in co-operative success.

## FUTURE DIRECTIONS FOR RESEARCH

The recent history of agricultural co-operatives – their success and failures – has not yet been fully explored. The literature over the last ten years, especially that emerging from the discipline of agriculture economics, has been focused around property rights issues. Yet, this appears to be only a superficial answer to the problems facing co-operatives. There is the urgent need for in-depth case studies of agribusiness co-operatives in order to elucidate what went wrong or what contributed to their success. Detailed, book length case studies may provide one avenue into studying the problems posed by capitalization and specifically the relationship between member commitment and capitalization.

The social, economic, political, and cultural change in farming and in farmers' role in agriculture necessitates more detailed study of farmer members in agriculture co-operatives. This will invariably relate to issues in management and especially the role of farmer's boards in co-operatives.

More research is necessary as well, to understand the new role for agricultural co-operatives in the existing environment. This also relates to governance and leadership issues and the ability of co-operatives to deliver on compliance issues (for food quality and food safety) and create value for its members. These issues move beyond the traditional property rights issues to wider, and often unquantifiable, terms such as member commitment, trust, and social capital.

This study has been limited to the industrialized world; however, there remains the need for more research into the vast experiences of co-operatives in the developing world. Far from being irrelevant to the Canadian context, this research may open up new pathways and research into the role of co-operatives in sustainable economic development that is sensitive to local, historical, and cultural contexts.

A further emphasis on research dissemination to co-operative members is an important element in promoting change and responsible research. This need points in the direction of Participatory Action Research methodologies have been underutilized given the practice orientated nature of co-operative research.

## **ACCESS TO HEALTHCARE AND HOME CARE**

### **HEALTHCARE**

Despite increasing problems with public healthcare in Canada and elsewhere, relatively little research has been conducted on healthcare co-operatives over the past ten years. However, as the number of healthcare co-operatives is increasing, interest in this topic is also rising.

Literature on healthcare takes many forms, including case studies, histories, overviews of co-operatives in specific areas, and practical studies of the issues involved in developing healthcare co-operatives. Many works incorporate two or more of these forms. They mainly look at community clinics and health centres, while several look at health

insurance purchasing co-operatives and hospitals. The literature in English focuses on Canada and the United States, but also covers other areas of the world such as the United Kingdom, Australia, and Latin America. Most of it is strongly concerned with issues in the present, but a few works are primarily historical.

There are several themes running through the literature on healthcare co-operatives. A major theme in the literature on Canada, the United States, and England is the role, or potential role, that co-operatives can play in government healthcare systems. Articles on the United States by Ezekiel and Brett (1993), and Shapiro (1994) have critically assessed the Clinton administration's healthcare proposals, which include the creation of Health Insurance Purchasing Co-operatives. Clark's 1999 article also looks at health insurance purchasing co-operatives, but his focus is historical, and addresses the creation of co-ops under the Farm Security Administration in 1935. Canadian works, including those by the B.C. Co-operative Community Health Centre Working Group (1993), the Canadian Co-operative Association (1995; 1998), Girard (2000), Griffith (1992), and Sinats (2001) illustrate the many ways that health co-operatives could address local needs while helping to solve many of the problems that the Canadian healthcare system faces. Storrie (2002) shows the effect of decreasing government funding on community health co-operatives in Saskatchewan. In the British context, Hudson and Hardy (2002), and Craig, et al (2002) consider the creation of healthcare co-ops in Scotland as part of the New National Health Service, and the problems that they could face.

A second theme, which overlaps with the first, particularly in Canadian literature, is the vast potential for, and value of, the growth of the health co-operative sector. The Canadian works mentioned under the theme of government all consider this topic. Works from elsewhere also look at this issue. Gray (1993) discusses the potential for co-operative delivery of emergency medical services. An article published by the Co-operative Federation of Victoria (1997) discusses the present situation and potential for co-operative healthcare growth in Australia. The International Co-operative Alliance (1997) has published a manual designed in part to show that conditions are ripe for the further development of healthcare co-ops in Latin America. One of Spear's (1994) themes in his book is the potential for co-operative development, particularly in the United Kingdom. A United Nations (1997) publication shows the possibilities for healthcare co-operatives worldwide, and discusses the growth in international co-operation that could make them more successful.

The need for practical information on the beginnings and functioning of healthcare co-operatives is a third theme in the literature on healthcare co-operatives, and seems to have been developed further in Canada than in any other countries. The Co-operatives Secretariat of Canada has published a guide for people wanting to start a health co-operative, and an article published in the *Canadian Corporate News* outlines the possibilities and provides information on health plan co-operatives for small businesses. Rushton, et al. (2002) case study of the Rainbow Health Co-operative in British Columbia, Canada illustrates the workings of this successful co-operative. However, practical information on healthcare co-operatives has also been developed in other countries. Scott et al. (1998) explores the co-operative healthcare clinic concept, which



was developed in the United States. Size (1993) discusses the effective management principles that the members of a hospital co-operative have developed over thirteen years. Spear's (1994) book aims to help co-ops and other small independent providers with practical issues, partly by providing case studies that show the functioning of co-operatives in the U.K. and Europe.

A fourth theme is the historical development of healthcare co-operatives. In addition to Clark's (1999) article, Crowley (1996) provides a celebratory overview of the history of the Group Health Co-operative of Puget Sound (U.S.), and Rands (1994) looks to the past for the reasons for Saskatchewan's decline in health clinics. Many other works contain historical sections.

Many of these works are Canadian. Of those that are not, apart from the ones that deal with specific policy issues in other countries, most are relevant to the Canadian context, as they deal with issues faced by health co-operatives in many countries.

There are a number of gaps in the literature on health co-operatives. As in many countries, there has been no systematic review of health co-operatives in Canada. What do health co-ops look like across Canada? What are the issues of health policy, the health professions, and health service delivery in relation to health co-operatives? What are the possibilities in Canada for the health co-operative model of organization to contribute to the successful delivery of primary healthcare services? Given the apparent effectiveness of the co-operative model and its potential as a useful variant of the community health governance model, why has this alternative not been implemented more broadly in Canada? What has worked well and what has not in healthcare clinics in Canada and abroad? Some of the works surveyed here can contribute to the answering of these questions, but none provide comprehensive answers. The recent Romanow commission report on healthcare in Canada should also be reviewed, both in terms of its comments on healthcare co-operative models, and for the areas of development potential it may reveal.

Canadians are expressing an interest in alternative forms of health services delivery, including the co-operative delivery of health services, but there is a lack of evidence on current practices of, and potential for, health co-ops. We need to understand the extent to which the co-operative model is a useful variant of the community health governance model, and to understand more systematically its current applications and potential usefulness as a part of the Canadian health system broadly conceived. We need to understand what has worked well—and what has not—within co-operatives in Canada and other countries. More research is needed on both the theory and practice of health co-ops to provide a foundation for a “best practices model” of health co-operatives.

Within the Canadian literature, there is room for individual studies, including a Canadian perspective on the United Nations report, *Co-operative Enterprise in the Health and Social Care Sectors* (1997), a discussion of the historic and theoretical role of health and social co-operatives in the field of co-operative studies, a discussion of the issues around relationships with the state, an examination of issues around relationships with health

professionals, an exploration of possibilities among First Nations people, a discussion of the potential for co-operative development in remote communities, documentation of the experiences of developers who have helped create existing health co-ops, and a discussion of the existing programs and interest of Canadian co-operatives in influencing the determinants of health for their members and their communities.

## HOME CARE/HOME SUPPORT/PERSONAL ASSISTANCE CO-OPERATIVES

Even less work has been done on home support co-operatives than on healthcare co-operatives. Much of the work on English has looked at home support co-operatives in the United States, but some have also considered those in Scandinavia and the United Kingdom, and others have looked at the potential for home support co-operative development in Canada.

Little of the work is specifically theoretical, though many of the case studies deal with theoretical issues. Bowman's (2001) paper is one exception; it explores the three terms used to describe these types of co-operatives and the implications of each term, in addition to exploring the ways in which they can empower elderly people or people with disabilities. A theme of empowerment runs through all of the studies on home support co-operatives, focusing on the people who need support, on the workers, and sometimes both,

Other works explore the need, and vast potential, for the development of more home support co-operatives. The article published by the Community Development Co-operative of Nova Scotia (1995) shows the importance such development could have for Nova Scotia's healthcare system. The Industrial Common Ownership Movement's (1998) publication shows future opportunities for the growth of home support co-operatives in the U.K. in addition to looking at their present situation.

Few researchers have focused on relationships between home support co-operatives and governments, possibly because home support has not been seen as an integral part of Medicare programs. One exception is Scher (1998), who looks at the negative effect that Medicare cuts have had on co-operative home support programs in Canada. In his case study on the Stockholm Co-operative for Independent Living, Ratzka (1993) addresses problematic governmental relationships in a Swedish context.

The vast majority of studies on home support co-ops have looked at case studies of individual co-operatives and their history, functioning, successes, and failures, often with a focus on the practical implications of their members' experiences. American works of this type include those by Dawson, Powell, et al. (2000) on Co-op Home Care of Boston, Dawson and Kreiner (1993) on Cooperative Home Care Associates (CHCA) of New York, Harrington (2002) on Cooperative CARE of Wautoma, Wisconsin, and Kahn (2000) on Quality Care Partners of Manchester, New Hampshire. Glasser and Brecher's (2002) work on CHCA is an innovative study that looks specifically at the organizational culture of the co-op. Case studies on home support co-operatives in other countries

include Oka's (2000) article on Rapport Fujisawa in Japan, Ratzka's (1993; 2003) overview of STIL, and the study of the Independent Living Norway Co-operative for Consumer Controlled Personal Assistance (Uloba, 2003) in Norway. Sloan's (1996) book is a "multiple case study" of five home support co-operatives: three in the United Kingdom, one in Italy, and one in the United States.

Little of this work has been done on the Canadian context, but because much of it focuses on the functioning of individual co-ops rather than on co-op/government relations, it is all fairly relevant for the Canadian situation. There may be more research existing, and more examples of home support co-operatives in the French-language research in Canada.

There are clearly a number of gaps in the literature—in fact, there are more gaps than there is literature. There is no systematic overview of such co-operatives in Canada or in any other country. Specific issues have only begun to be addressed. What is the situation of home support co-operatives in Canada and internationally? How can home support co-operatives fit into government policies? How can the home support co-operative model contribute to the empowerment of the workers and people who require their services in Canada and elsewhere? Given the success of home support co-operatives in empowering workers, the elderly, and people with disabilities, why have they not been implemented more widely? What has worked well and what has not in home support co-operatives in Canada and abroad? Many of the research possibilities described above for home care co-operatives could also be used as a starting point for research on home support-co-operatives in Canada and abroad.

## **DEVELOPMENT OF ABORIGINAL COMMUNITIES**

The literature on Aboriginal communities and co-operative development is relatively small and somewhat scattered over time, with some early work being done in the late 60's and 70's, and with resurgence in recent years in literature exploring Aboriginal economic development in general. Very little current research into the state and viability of the co-operative model in Aboriginal communities has been undertaken in Canada. This is also the case in countries such as the United States and Australia that have large Indigenous populations facing similar challenges in economic and social development. This clearly indicates that there is much room for research into both existing co-operatives and the potential for co-operative models, in many First Nations communities.

A number of themes emerged from reviewing the research literature in this area. These include: case studies and current co-operative success stories, with an emphasis on service provision for Northern Canadian communities; discussions of community development and the role of co-operatives particularly in the urban context; general discussions of business development and entrepreneurship—often with little or no mention of co-operative options; and collaborative and community co-management of natural resources such as fisheries and forests and sustainable alternatives and community development for areas with diminishing natural resources. There is considerable overlap

between this last area and some of the issues covered under the section of this report that deals with co-operatives and environmental issues.

Perhaps the most comprehensive body of current research into the state of Aboriginal co-operatives in Canada is the 2001 publication *A Report on Aboriginal Co-operatives in Canada: Current Situation and Potential for Growth* (Ketilson and McPherson 2001). This document provides an overview of the current state of Aboriginal co-operatives in Canada including historical contexts, regulatory and economic development policy environments, and an extensive section dealing with the economic impact of Aboriginal co-operatives. In addition, the report includes eleven case studies when taken together with the background research, provides vital information for the report's conclusions and recommendations. This report should be a starting document for all researchers and developers working with Aboriginal co-operatives. Of particular relevance for future research projects are recommendations that include a deeper understanding of the variables affecting co-operatives and communities and advocate for more input from Aboriginal co-operatives for identifying new areas of research. The report also makes a number of recommendations on education for co-operative development, and calls for more coordination between levels of government, Aboriginal organizations, economic developers, and co-operative developers.

The growing body of Aboriginal co-operative case studies offers much instruction for co-operative developers and researchers alike. Case studies are most often found in examples of one or two, through out the literature. These studies provide tangible examples of what works in many communities, of the critical role of community involvement in co-operatives and community economic development, and in the huge variation that exists in Aboriginal communities across Canada and the particular local communities that may be interested in co-operatives. There may be some value to be gained from gathering these existing case studies together for analysis. It is also apparent that even co-operative profiles (small-scale case studies often found in popular publications) offer important information and insight into the use of the co-operative model in Aboriginal communities. Case studies are also important tools for describing the diversity of Aboriginal co-operative structures and successes. They provide examples of best practices and illustrate where further development work and research may be useful. Expanding the case study literature, and bringing together existing case studies, which are often scattered through out the literature, may be a very useful endeavour to inform new co-operative development and research.

There is an expanding literature, both research and practical in focus, addressing economic development in Aboriginal communities in Canada. Of particular interest may be the many documents (handbooks, manuals, and start-up guides) that provide instruction for First Nations business developers and entrepreneurs, both on and off reserve (Chiste, 1996; Balfour, 1995; Indian and Northern Affairs, 1997; MacBride and Gerow, 2002). There is also a substantial body of literature dealing with community economic development—often excluding mention of co-operative models—that focuses on inclusive processes for traditionally marginalized communities (Garven & Associates Ltd., 1995). Further exploration of the community economic development research and

practice literature would help understand the extent to which co-operative models have been excluded, to identify where the model may be most effective, and how to target educational opportunities. Just as there may be instructive information to be found in the general community economic development literature, there may also be valuable insights to be gained through exploration of the structure and successes of band enterprises. Understanding these economic development models may provide better understanding of why co-operative models have been embraced in some communities and not in others.

Natural resource management also offers some interesting opportunities for co-operative development and research. The literature in this area focuses primarily on fisheries and forestry management, but there are also a number of publications that explore community economic development issues, and the application of co-operative models for alternative uses of these diminishing resources. The co-management literature offers details and discussion of collaborative and co-operative resource management agreements between government agencies and Aboriginal communities, and Weinstein (2000) compares these co-management models in the United States and Canada with those established within the traditional co-operative mode in Japan. Recommendations from this publication indicate that replication of the Japanese co-operative structure may not be advantageous but there may be instructive elements that would prove applicable in these new co-management models involving community members and government bodies. Valuable research has also been undertaken, particularly in forestry, in the area of alternative uses of common resources (Cocksedge, 2001; Chambers, 2001; Natcher, 2002; Matthews, 1996; Lantz, 2001). Additional information on these sustainability and environmental issues can be found below under the heading of “community solutions to environmental problems”.

Areas of future research consideration came through exploration of some of the literature in through consultations with researchers currently working in the area of co-operatives in Aboriginal communities. Along with those noted above, other important areas for co-operative development research include the:

- regulatory, legal, and other frameworks that may impact co-operative development in Aboriginal communities.
- role of social auditing and social accounting and general evaluation of outcomes when understanding and defining community development and co-operative enterprise success.
- further exploration of diversity and identity in both Aboriginal communities and co-operatives; how these issues are understood and expressed and how communications and cultures influence member engagement in the participatory process of co-operatives.
- issues of gender and a better understanding of the role of women in co-operative development in Indigenous communities in the Canadian context and in comparison with Indigenous communities in both developed and developing countries.
- international comparisons with Aboriginal communities and co-operatives in the United States and Australia.

## **LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT**

Perhaps the largest volume of literature, next to that found in the area of agricultural co-operatives, can be found to fit under the broad theme of local economic and social development. There is a considerable amount of practitioner-based literature, providing case studies, best-practices, and vital information into the allocation of resources for CED work in Canada. In addition, there are a number of academic journals dedicated to the study of community economic development. This large amount of published literature, along with the many commonalities between CED goals and the features of many co-operative enterprises, makes it doubly challenging to give detailed attention to this large theme.

For the purposes of this project, a number of sub-themes have been grouped under this broader heading. This was done in part to highlight areas of particular interest to the Secretariat, and in part, in anticipation of the considerable overlap that may exist when exploring co-operatives and community economic development, local development, social economy and social development, social cohesion, rural development, and community capacity, and social innovation. This section should be read with this overlap in mind, using sub-theme headings as guideposts to places within the literature rather than divisions between concepts. Like many places through out this document, publications could easily be grouped under multiple themes, and references to relevant literature can be found in other sections of this document.

The community economic development (CED) and co-operative literature, broadly surveyed, can be grouped together under a few main concepts. A considerable portion of the literature focuses on community economic development with an emphasis on social development. This includes applying the co-operative model, particularly worker co-operative structures, to offer economic engagement to disadvantaged and systemically marginalized individuals. In these cases worker co-operative structures offer members control over their circumstances through meaningful employment. These types of social co-operatives often include elements of social service delivery to members as well as venues for education. Similar examples can be found in the use of worker co-operatives for communities with particular needs such as new immigrants, women, etc. (Conn, 2001; Hill, 2001). The CED practitioner literature provides a number of useful examples of case studies and best practices for these and other similar types of organizations.

Another theme that is found to repeat in the literature on community economic development, is the importance of community participation and the necessity of a “bottom-up” development practice. Co-operatives are viewed as a model which suits this community-driven mode of development, and throughout the literature the “fit” between co-operative structures and the goals of CED can be found explicitly stated and implied (MacLeod, 1994; Stevens & Morris, 2001; Tang, 1994). The co-operative model fit is interpreted and measured in the literature in many of the sub-themes listed below.

The interest in co-operative complexes as a means of local economic development is not new. The continued interest in Mondragon is evidence of this, but there appears to be a

growing interest in exploring multi-co-operative structures for community development. Recognizing the need for coordination of resources, both human and financial, various types of structures have been put in place in many Canadian regions to coordinate local economic development. These have taken the form of Community Development Corporations, Regional Development Associations, and Community Futures organizations, just to name a few types. Many of these organizations can trace their origins to co-operatives. Examples of new multi-co-operative structures and their role in CED can be found in Shipp's (1996) discussion African-American economic participation, and in the exploration of community co-operative models and networks (Haynes Jr. & Nembhard, 1999; Fitzpatrick, 2001; Sassenick, 1993; Levin, 1993; Wilkinson & Quarter, 1996; Winnington-Ingram, 2001).

## COMMUNITY CAPACITY BUILDING

Recent research literature on co-operatives and community economic development recognizes the contribution these organizations make to community capacity building. Co-operatives are recognized as contributing to empowered communities where individuals are able to gain skills and experience through participation in the democratic structures of co-ops, and to promote more participation, formally and informally, in community development activities. Continuing education, leadership skills, and civic and social engagement are all seen as benefits of co-operative enterprise involvement. As inclusive organizations, co-operatives are seen to encourage, and benefit from, member diversity and to help create engaged community members, experienced in collaborative and consensual approaches to decision making (Fairbairn, et al., 1995; Flora, et al., 1997; Hammond Ketilson, et al., 1998). As member-driven organizations co-operatives rely on community participation and skilled leadership for success. Nozick (1993) and others, stress social participation and empowerment as key ingredients in successful sustainable community development, and co-operatives are perceived to offer a venue for experience with democratic participation and collaborative leadership. These skills enhance human and social capital in communities, which can then be used in other civic and community development initiatives (Dunn 1996; Flora, et al., 1997; Ripley and Rounds, 1994; Pell 1994). A high-degree of member participation makes co-operatives complex, and often, slow to develop. This process and complexity however, results in substantial rewards for the growth of community capacity and social cohesion.

Much of the research describes the role of co-operatives in increasing community economic development and community capacity, particularly for marginalized communities such as underemployed individuals and those that are street cultured. Here capacity refers to both the individual development for full and meaningful participation in society as well as for the building of the larger community through this individual enfranchisement. Co-operatives are also seen to contribute to the capacity of "civic entrepreneurs" who are described as (Henton, Melville and Walesh, 1997a; 1997b) visionary leaders and agents of social change who are able to draw on community networks (social capital) to create community alliances (Henton, Melville, Walesh 1997). Patrie (1998), in his *Creating Co-op Fever* article, emphasizes the importance of project

champions, similar to grassroots leaders, who will stir interest and inspire community involvement based on personal trust and respect. Baker's (1993) extensive work on leadership building and social capital also provides insight into the importance and role of community leaders, and the educational opportunities for cultivating these leaders found in co-operatives.

## RURAL ECONOMIC DEVELOPMENT

The economic development literature dealing with the role of co-operatives in rural settings falls into two main groupings, one focusing on resource-based communities such as agriculture and fisheries, and one focusing on remote, or non-metro adjacent communities. These two areas explore the role of co-operatives in agricultural and resources production and service delivery for rural and remote communities. Much of the literature that is relevant to this topic is more fully described under the agricultural co-operative section of this report, and can also be found within the broader community economic development research findings, in particular within the sub-theme addressing service delivery for difficult to reach communities.

Particularly pertinent pieces of research for the issues of rural economic development include the exploration of non-agricultural co-operatives in rural communities (Bhuyan and Olson, 1998a; Bhuyan & Oslon 1998b; Dunn, 1996; Ketilson, 1998; McGuinness, 1994), and rural revitalization and community development impacts of co-operatives (Winnington- Ingram, 2001; Restakis, 2001; Baker, 1993; Borich, 1994; Fairbairn, 1997; Fitzpatrick, 2001; Flora, 1996). A 1993 report and 2002 update (Brown, Gray & Molder) on the viability and structure of community based land trusts for Saskatchewan agriculture may also be of interest here. For references to service delivery research please refer to that section of this report. It should also be noted that the growing interest in sustainable development issues also have a large influence on this literature, as communities explore alternatives for declining industries—both production and service delivery. This theme is explored in-depth elsewhere in this report.

New directions for research in the area of rural economic development and the role of co-operatives might include exploration of the longevity and reasons for success or failure of co-operatives, particularly service co-operatives in rural and remote communities. Additional research into co-op model innovations for these specific circumstances would also be of interest. In particular, additional exploration of healthcare and home care delivery models for rural and remote areas (see those sections of this report), child care alternatives (Coontz & Esper, 2002). Continued research into the potential benefits of inter-community and regional networks for the delivery of services and how these might work with co-operative organizations to maintain and enhance communities would also be of interest. Further consideration of the multi-stakeholder and community co-operative models, the role of social cohesion in enterprise success or failure, and issues of co-operative leadership, might be particularly instructive areas of exploration.



## URBAN ECONOMIC DEVELOPMENT

Although this subtheme was not identified in the Co-operatives Secretariat's outline of areas of particular interest, it has been added as a potential area for future exploration and new co-operative research. Like rural economic development, there is much interest in community economic development in urban settings. This often falls under the auspice of CED, but perhaps a more delineated view of the development process in urban settings would prove fruitful. Marginalized communities such as urban First Nations, youth, immigrants, people with disabilities and those that are economically disadvantaged, may find the co-operative model of particular relevance to their development needs. It should also be kept in mind that the process of community economic development is open-ended so it may not be evident that a co-operative model, or co-operative-based model, is the appropriate structural response until after the needs of the participants have been identified and the alternatives explored.

## COMMUNITY RESPONSES TO ENVIRONMENTAL PROBLEMS

In response to pressing social and environmental issues, the co-operative movement has taken a leading role in demonstrating how forms of co-operative human organization can support livelihoods dedicated to sustainable development. As noted in the 7th Principle of the 1995 International Co-operative Alliance Statement on the Co-operative Identity, co-operatives share a concern for community and “work for the sustainable development of their communities through policies approved by their members” ([www.coop.org](http://www.coop.org)). As a result of this commitment, co-operatives from various sectors have developed innovative local responses to global environmental change.

While national and international governmental bodies have taken some effective steps toward implementing sustainability measures, many people have come to realize that community based organizations are necessary to develop healthy, supportive and place-based understandings and responses to social and environmental problems. Rejuvenating community-based decision-making and resource management systems involves some form of organization. As a new or alternate form of organization, the co-operative model enables communities to develop and manage innovative local structures of ownership and production.

Co-operative ventures in a number of sectors, including forestry, energy, fisheries, agriculture, and transportation, are leading the way in developing co-operative responses to environmental problems. Through the formation of community-based co-operative management systems, co-operators have been able to mobilize communities in support of projects that balance social, economic, and environmental needs and values.

Research on co-operative forestry and its ability to respond to environmental problems highlights the need for increased local control of forest tenures together with an increase in government supported co-operative forestry ventures. Often the kind of government support that is needed is in the form of enabling legislation; thus, there is a need for

research in the many different political jurisdictions. It is noteworthy too that particular co-operative forestry practices often are just one component of what could be called holistic community responses to environmental problems; for example, stewardship of a watershed is often a primary motivator to co-operative action.

Also, if they participate in co-op development, private forestland owners have a greater opportunity to understand the importance their forestland has within the framework of regional resource management. The pooling of resources and sharing of information through co-operative structures allows private forestland owners to join together to form co-operative responses to forest management problems. All in all, particularly in the Canadian (English-speaking) context, there is very little research on forestry-based co-op activities as a community response to environmental problems although a review of popular literature and other media sites indicated there is increased interest in the possibilities for such activities.

Research literature on energy co-operatives illustrates how the power of bulk energy purchasing gives co-op energy consumers the opportunity to explore energy management services and energy conservation programs. In turn, co-op members can utilize their market power to negotiate for energy plans that ensure a balance between social, environmental, and economic values. Environmental problems resulting from pollution within the energy sector can be substituted at the community level through the co-operative ownership and management of alternative energy sources like wind power generators.

With regards to the co-op fisheries and aquaculture sector, research literature focuses on the role co-ops have played in developing community-based responses to environmental problems related to the over-harvesting of fish populations. The amount of research in the case of the co-op fisheries sector is limited. There is a great deal of opportunity for future research into the development of aquaculture and First Nations fishery/aquaculture co-ops.

Co-operatives in the agriculture/agrifood sector have developed a number of innovative community responses to environmental problems. Research literature examines the development of rural co-ops for the production of environmentally-friendly ethanol fuel that is derived from cornfields. More recently, co-ops have emerged that engage in value-added activities such as the production of soy-diesel (bio-diesel) through using surplus soybean by-products; other agricultural products can be used as well. The literature is limited though because there is little rigorous or critical analysis regarding the question of whether the co-ops are solving environmental problems or creating new ones. Thus there is room for more research. Similarly, there is little research on the feasibility of the small-scale production of alternative fuel energies or green energies, using for example recycled food waste products such as cooking oil and fat, something that might prove beneficial to rural and remote communities.

The rise of organic agriculture co-ops can be seen as a response to the growing concern for environmental problems related to chemical agriculture. Research into the

relationship between community supported agriculture and consumer co-ops highlights the growing support for local food production and consumption. This latter trend is related to the community response to the decline of traditional family farm practices and an attempt to prevent any further socio-environmental misfortunes related to the corporate monopoly of farm practices. Additional sources of research can also be found in the “adding value to agriculture” section of this report.

Transportation co-ops are part of a rapidly growing sector within the co-operative movement and represent a promising alternative to private transportation practices. Transportation co-ops are developing as effective community responses to short- and long-term environmental problems, such as climate change, that are global in scale. There does not seem to be much formal research into the role that transportation co-ops have played in relation to community responses to environmental change. However, an organised research approach would likely prove beneficial, for example in establishing the different types of co-operation in transportation (eg. car, bicycle, multi-passenger vehicle, etc), and the different ways to organise the co-ops. There is also ample opportunity for fruitful research into the possibilities and limitations of transportation co-ops.

Although little research has been conducted on co-operative community responses to environmental issues, there are a growing number of web sites about co-operatives that were started at least partially because of environmental concerns. For example, the Denman Island Forest Co-operative’s web site (<http://www.denmanis.bc.ca/forestry.htm>) gives information on a forestry co-operative that has been having legal difficulties with its program for sustainable development of the local forest. The Boiled Frog Trading Co-operative’s web site (<http://www.boiledfrog.org/about/>) provides information about this innovative co-operative, which connects people with “waste products”, with others who can use these products. Such web sites help to show issues that future co-operative research could address.

Overall, research into the role co-ops have played in community responses to environmental problems is promising. However, this is an extremely general field of research and this might pose difficulties for those wishing to develop an in-depth analysis or a general theoretical framework for understanding how effective the co-op model is in responding to environmental problems. One thing is for certain – an examination of co-op based community responses to environmental problems provides those interested with greater familiarity of the trends leading to co-operative action. Three prominent motivating factors are:

- 1) The need to define ‘sustainable development’ at the local level and in turn develop effective responses tailored to a specific geographical location.
- 2) The need for greater local control over decisions related to resource management.
- 3) The importance community economic development and long-term planning strategies have in developing sustainable practices and livelihoods.

## FISHERIES/AQUACULTURE

In various parts of the world, fishery and aquaculture co-operatives have been successful in supporting people living in both coastal and landlocked environments – often in rural and remote locations – who are engaged in the harvesting of wild marine stocks or various aquaculture activities. Often this has meant that communities have been able to sustain themselves economically and socially. In Canada, when ocean and freshwater stocks (particularly in the wild catch finfish sector) were abundant many fisher people formed co-operative associations to gain solidarity. For them it was a vital step toward taking control of aspects of the fishery they were involved in, for example, production, managing local fish plants, processing (filleting and canning), marketing, equipment and gear supplies; often the co-ops engaged in most or all of these activities. The outcomes for members included improved financial returns, some degree of stability in production and marketing, and varying degrees of economic resilience and security, and social cohesion. The once world famous Prince Rupert Fishermen's Co-op is no longer operating but for nearly sixty years its membership, and the communities in which they lived, prospered from the association. Despite changing times there is much to learn from the Co-op's history, and its successes and failures (see particularly Menzies 2001; 1993; Welch 2001a). The brief case study of the Canoe Pass Fishermen's Co-op, which is still in operation, is also instructive (Welch 2001b).

In recent years, for various reasons, including a precipitous decline in fish stocks, advances in technology, and changes in policies regarding allocations and permits there has been a massive reduction in fisheries-related employment in parts of the world. Communities on Canada's east and west coasts have felt acutely the impact of these changes, some local economies have been devastated and there has been significant out-migration as people search for employment elsewhere. Efforts to stem these negative effects and where possible turn them round have included attempts to rebuild stocks, to diversify the local fishery and other mariculture activities, and to expand existing or to implement new aquaculture activities such as seeding and growing shellfish, farming roe on kelp, and harvesting seaweeds. In some cases, tourism, and particularly eco-tourism, has become an integral part of the new industries. There is little literature available about these recent developments in Canada, and their successes and failures, about their contributions to local environments and people, and about what might be the potential for the future, although Welch's work (2001a; b; c; d; e) is helpful starting point. Some literature makes cursory mention of the significant role fisheries co-operatives can play in resource (eco-system based) management (Dybas 2002; FAO 2001; Matulich et al 2001; Knudsen 1995). Other literature suggests that because marine environments and their resources, are generally regarded as common property, or fishery "commons", and therefore are vulnerable to access issues and ultimately over-exploitation that co-operative management, operationalised through co-operative organisations, might well be the best way to ensure the proper management (and adherence to regulations, mainly through self-regulation) of the utilization of marine resources (FAO 2001; Pickering 1999; Pompe & Rockwood 1993). However, the research also indicates that there is a need to investigate the feasibility of co-operative management on a case-by-case basis as there is a wide variety of fishery activities. In addition with the establishment of any rights based activity there must also be enabling legislation; otherwise there are

difficulties with anti-trust regulations. In view of this, the need for case studies, and historically and geographically specific research is essential. For those interested in fisheries and aquaculture co-operatives, the small amount of existing literature is both inspiring and cautionary; at the same time the discussion regarding co-operatives themselves is all too brief and needs to be developed much further.

Where the co-op model has been adopted and used for fisheries and aquaculture activities there is some indication that the model appeals to people because it best meets needs and goals identified by the community, and that these are impelled by the desire to not only achieve jobs but also to create economically viable and environmentally sustainable rural and remote communities (see Leblanc 2000; Welch 2001a; b; c; d; e). Modern day community-based fisheries and aquaculture co-ops seem committed to a sustaining the resource they exploit. Welch's work, although focusing on British Columbia, provides a strong starting point for people interested in pursuing a co-operative model of organisation in fishery related or aquaculture activities.

As Cameron (2002) points out landlocked communities looking to diversify their economy have begun organising co-operatively-owned land-based fish farms in hopes of creating steady employment opportunities through the aquaculture industry. Abandoned pit mines and other unused areas are becoming useful locations for the construction of land-based fish farm beds.

Van Ginkel's (1996) provides a valuable discussion about commonly held perceptions of fishermen's fiercely independent, competitive personalities are often cited as the reason for fishing co-ops that have failed. Rather than supporting the premise, through ethno-historical research he deconstructs the behavioural notion and suggests there are other reasons for co-op failures. He also outline a number of conditions that need to be in place for a fishermen's co-op to succeed.

## FORESTRY

Forestry and wood products co-operatives are found in many countries around the world although in-depth accounts of their activities are sporadic and vary from nation to nation. In Canada and the United States the most common types of forestry related co-ops have been producer, marketing, and worker co-ops. Shook et al (2001) provide a brief review of forestry and wood product co-ops in the United States. Of particular interest is the authors' report on their case study of a wood products marketing co-op in Idaho. Observing a dearth of research on the internal (i.e., members and consignees) and external (i.e., consumer) perspectives of a wood-products co-operative they provide a characterization of the co-op that includes an assessment of co-op members, co-op consignees, and the consumers of co-operative wood products. The managerial characteristics of the co-op were also evaluated. The study's methodology will be of interest to researchers and to wood products marketing co-ops, both in terms of the results and in terms of possible assessment and evaluation tools.

Recently, for various reasons, often to do with economic and environmental security, and collective clout, new kinds of forestry and value-added wood products co-ops have been emerging. A group of sawyers, each operating small sawmill businesses with no secure access to raw timber, realised they had a better chance of survival if they worked together to overcome the problems they faced in common. In their case, the sawyers along with a community development specialist, working as the group's manager, chose the New Generation model introduced to them by a professional co-op developer (Kinnis & Smith 2002). Forest based communities, encountering various economic and ecological challenges are embracing the co-op model in innovative ways. One, determined to protect its watershed from environmental damage but recognising the various economic and social needs of its residents chose to form a community co-op consisting of resident members. The co-op oversees the business operations of a five- year community forest pilot project (situated in the watershed and classified as Crown (public) land) and a botanical business. Developing an innovative ecologically minded business within the constraints of forestry regulations designed for more conventional forest practices is a continuing (Shepherd et al 2001). Another community in B.C. encountering drastic reductions in forest-employment opportunities formed a community forestry co-op (comprised of organisations) with the goal to develop a forest operation rooted in sustainable forest practices and community economic development. The difficulty for this co-op is gaining access to forest lands, something that is typically in short supply because of a particular forest tenure system (Zachary & Chaland 2001). Access to raw wood (ideally in the form of some kind of responsible tenure arrangement) is a recurring theme in many attempts to develop community forests. Community forest initiatives in New Brunswick are examined in Betts et al (1996); three case studies are highlighted, one of which is a loggers' co-operative. Betts et al (2002) use a case study of a New Brunswick co-op and its stewardship of a watershed as one of two examples in their argument about the benefits of practicing co-operative ecosystem-based management (community-forestry) on private woodlots.

The case studies demonstrate the potential for socio-economic benefits in communities with local control and management responsibilities over their forest base (see also Travers 2002; Karg 2000). Polson (1996) sees forest-products marketing co-ops as one solution to turning around a threatened forest industry in the northeastern United States. Although primarily concerned with views about environmentalism in Latin America, Cristen et al (1998) present four interesting case studies, one of which describes the development of more than sixteen forest-product producer co-ops located in the Yucatan Peninsula of Mexico. Cocksedge (2001) and Lantz (2001) both advance the idea that the co-op model could provide a useful framework for organizing ventures concerned with the harvesting and marketing of non-timber forest products such as wild mushrooms, firewood, salal, medicinal forest products such as devils club, berries, etc.). Diversifying forest-related activities and creating new employment opportunities could be a benefit to both Aboriginal and non-Aboriginal populations although the commercialization of traditional foods might be controversial to some people.

Within the context of the United States, Nadeau et al (2002) provide an excellent start-up manual designed to encourage private non-industrial forestland owners to consider the

ecological and economic benefits of co-operative forestry. The manual is helpful for people living outside of the United States as well. Back in Canada, and more specifically in British Columbia, Welch (2001a; 2001b) provides two excellent publications, both concerned with how to organise a forestry co-op. Welch (2001a) is a step by step guide that is intended to identify the promising characteristics of co-ops while Welch (2001b) is more concerned with the operations of the co-op within the legal and policy frameworks. Although set in the context of B.C. both of these documents would be helpful guides to people who are living in other jurisdictions and interested in developing forestry co-ops.

There are two publications of interest on forest-related workers co-ops, those of Pencavel (2001) and Mackie (1994). In the earlier study Mackie explores the advantages and disadvantages of forest workers' co-ops, such as treeplanting co-ops, in the Pacific Northwest region of the United States. Focusing on the same region Pencavel presents a compelling study about the experiences, successes and failures, of plywood co-ops. He also identifies the need for labour legislation that would support greater participation in workers co-ops.

## SOCIAL COHESION

There is little published research available that directly examines the relationship between social cohesion and co-operatives. There is, however a growing body of relevant research which explores issues of trust, association (particularly voluntary association), membership and identity, and social relations (Fukuyama, 1995; Newton, 2001; Jenson, 1998; Bernard, 1999; Maloney, 2000). This research provides the necessary context in which to begin exploring the unique characteristics of co-operative membership and its connection with our growing understanding of social cohesion.

The concept of social cohesion has been grouped under the broader heading of local economic and social development but there may be much to be gleaned about social cohesion and co-operatives from the general community economic development literature. Both the research and practice literature examines community engagement in development processes, and the social networks within and among sub-communities such as immigrant groups or the economically disadvantaged. Measurement of the impact of co-operatives in influencing community development through civic participation and democratic practices are also relevant here (Ketilson, et al., 1998).

Social cohesion, like social capital, is considered both a contributing factor to co-operative success as well as a benefit resulting from co-operative involvement. The literature on co-operatives generally presents co-operatives as contributors to social cohesion, community identity, and social and civic participation (Fairbairn, et al., 1995). The role of social cohesion in promoting co-operative development in single industry areas is also relevant in understanding the relationship between social cohesion and co-operative enterprises (Wilkinson, 1994; Wilkinson and Quarter, 1996; Fairbairn, et al., 1995; Hammond Ketilson, et al., 1998). Social cohesion and social capital research may also contribute to the understanding of the dynamics of regional approaches to rural

community development. Flora (1998) introduces the concept of ESI (entrepreneurial social infrastructure) as a broad notion encapsulating social capital as one element of ESI which can be used to help predict successful social action. A study comparing community development project success and level of ESI (Flora, et al., 1997), and Flora's (1995) study of the role of social capital in collective action for sustainable agriculture also provide useful insights into the relevance of social capital and co-operative rural development. For specific discussion of co-operatives and the role of social capital see Flora (1999), Flora, et al. (1996), Fairbairn, et al. (1995), and Hammond Ketilson, et al. (1998).

Issues of social cohesion may also appear imbedded in the co-operative research literature. Examples can be found dealing with trust and worker co-operative conversion (Brown & Quarter, 1994), co-operative membership engagement (Fulton, 1999; International Joint Project on Co-operative Democracy, 1995), social auditing and social responsibility in co-operatives (Brown, 2001), and in community development and co-operatives (Quarter, et. al., 2001) to mention a few publications.

The research project *Co-operative Membership and Globalization: Creating Social Cohesion through Market Relations*, (<http://www.socialcohesion.coop>) currently underway at the Centre for the Study of Co-operatives,, University of Saskatchewan, will make substantial advances in this area, and will include research focusing on co-operative membership and regionalism, consumerism and urban identities, and Aboriginal co-operative membership. Other social cohesion research with value to co-operatives presently underway is the project *Rural Adaptation and Social Cohesion for Sustainable Development of the Prairies*. The 2003 summary report (Jones & Jaffe, 2003) of a social cohesion telephone survey is of interest to this topic. Suggestions for future research into the relationship between social cohesion and co-operatives will certainly be generated from these and other projects.

Further research in this area should begin with a good grounding in the understanding and critiques of social cohesion and social capital. Jane Jenson's study, *Mapping Social Cohesion: The State of Canadian Research* (1998) and Paul Bernards critique of the concept are essential introductory readings (1999). Wall, Ferrazzi and Schryer (1998) offer a useful review of the literature introducing the theories of social capital and the development of the concept. Putnam's formative works on social capital (1993a, 1993b, 1995) elaborate on the importance of social networks of trust as critical tools for creating civic participation and democratic engagement as do the works of authors such as Thomas (1996). For elaboration on Putnam and a critique of social cohesion limitations see Cox's Boyer Lecture (1995). Perhaps the largest challenge for researchers interested in understanding social cohesion is developing definitions and concepts for discussing and understanding social cohesion (Schmid, 2002). Any work in this area will add to the growing body of research and help refine the concepts employed in new studies.

## SOCIAL INNOVATION AND CO-OPERATIVES



Social innovation generally appears to occur in small-scale co-operatives, particularly in those that have developed to meet social and economic needs of marginalized communities (Gent, 2001; Hansen, 1996; Hill, 200). Other examples of social innovation and co-operatives addresses alternative examples for the delivery of social services and public services (Birchall, 2001; Miettinen & Norland, 2000; Lindquist, 2001; Salamon, 1995; Simons, 2001;

Any research into co-operative alternatives for public service delivery in Canada should begin with Restakis and Lindquist's (2001) edited volume on the subject and the earlier work of the Canadian Co-operative Association (1996). Birchall (2001) adds to this discussion through his edited volume providing a United Kingdom perspective on these issues. Toonen and Raadschelders (1997) also look at public sector reform in Western Europe 1997. There are also a number of publications that explore new types of co-operatives developed to deliver social services (Miettinen & Norlund, 2000; Pestoff, 2000; Soifer & Resnick, 1993).

In terms of the structure and application of the co-operative model, the community co-operative and the multi-stakeholder or social co-operative model, appeared to be two of the most innovative co-operative models for community economic development. The community co-operative model as described by Winnington-Ingram (2001) functions in many ways like some regional development authorities, assuming a coordinating role as well as a support role for new initiatives. This model however appears to be more participatory and flexible, allowing community members to adapt organizations, many of which are often structured as co-operatives as well, to meet the particular needs of that community. Multi-stakeholder co-operatives or social co-operatives are comprised of member users, workers and organizations, which together form the enterprise. These types of co-operatives are not common in the English-language literature (Pestoff, 1995; Turnbull, 1997) and appear to have been most widely adopted in Québec. Further exploration of these types of co-operatives would be very helpful for examples of innovative development for co-operatives and CED. Further promotion of this type of model may also prove helpful for CED practitioners.

## SERVICE DELIVERY FOR HARD TO REACH

Publications dealing with issues of service delivery for the hard to reach group together around the two main headings of care delivery and service delivery. Healthcare, home care, and child care of are particular concern to rural and remote communities as is the economical delivery of goods and services such as food, fuel, utilities and financial services, etc.

As made evident in the sections of this report addressing home care and healthcare issues, there are a number of publications that deal with delivery of these services to rural and remote communities. Important publications dealing with these issues include the Canadian Co-operative Association's 1998 publication, *Health Co-operatives: Melding Tradition with Innovation*, the Center for Co-operatives at UC Davis' report Co-operative

Solutions to Rural Healthcare Problems: Emergency Medical Services ( Gray, 1993), and Casey (1997) and Myer's (1993) exploration of medical care alternatives for rural U.S. residents.

The delivery of non-care services to rural and remote communities has also been discussed in more detail in other sections of this report including the section on "rural economic development" and "adding value to agriculture". Highlights in the literature discussing co-operatives and service delivery in rural areas include Nadeau & Thompson's (1996) and Egerstrom's (1994), work on co-operatives and CED in rural areas, studies of non-agricultural rural co-operatives (Bhuyan and Olson, 1998; Bhuyan, Leistriz, & Cobia, 1998; Zeuli et al., 2002), Fairbairn's et. al (1997) study of credit unions, and Coontz and Esper's research into child care co-operatives in rural communities (2002). These references provide just a few examples of some of the more recent and more innovative research underway on this topic.

## **INTEGRATION OF IMMIGRANTS INTO CANADIAN COMMUNITIES**

There is very little research literature dealing with the role of co-operatives in the integration of immigrants in Canadian communities. The literature that was found tended to focus on two main areas, the applicability of worker co-operatives for new immigrant employment, and the role of social cohesion / social capital in immigrant communities and how this supports collective responses to the challenges faced by new immigrants. Worker co-operatives are the mechanism often used to provide, in addition to employment, social services including access to further education, language training, social contact, and general information about access to services (Anonymous, 2003; Schultze, 2003; Guilford, 2002). The exploration of social cohesion in immigrant communities may provide essential information for co-operative developers working with immigrants as well as offer some additional understanding, on a micro-level, of the role of social capital in the formation of co-operatives and collective enterprises in general (Ettlinger, 1994; Stolle, 1998; Chan, 1997).

## **GOVERNANCE AND MANAGEMENT**

A review of the research conducted under the broad heading of "Governance and Management" results in a disappointingly small collection of loosely related resources. In most cases the research was sector specific and perhaps just as appropriately catalogued under such headings (eg. Agricultural co-operatives, healthcare co-operatives). Common themes presented in what research does exist often focuses on globalization, competition, and consolidation and how co-operatives are responding. It appears that research has been largely retrospective, examining what has happened or is happening, rather than proactive in offering directions that management or elected officials might pursue. Therefore, looking at trends in co-operative behavior in essence reveals trends in co-operative research.

While most of the research published in English appears to have been conducted by American scholars and has focused on agricultural co-operatives and rural utility co-operatives, important contributions have also come from the UK, Canada, Australia and New Zealand. Regardless of the limited business sectors involved or of the country in which the research was conducted, these efforts still reveal important trends related to management and governance.

## GLOBALIZATION

While globalization is a reality for all types of businesses, one might expect a “co-operative-specific” response from this type of organization that is arguably different from investor owned firms (Schroeder et al, 1993). Instead, co-operatives often appear to have opted to play the same games and by the same rules as their non-co-operative competitors (Caceres, 1998). This typically amounts to trying to grow the organization to be more competitive and to streamline (often through consolidation) the organization to be more efficient (Carman, 1997; Lategola, 1996). Unfortunately, little research has considered the effects of such behavior on co-operatives’ ability to maintain or improve on the services provided for members.

Research beginning with the premise that co-operatives are different in nature and then considering ways to respond to or planning appropriate strategies to deal with globalization is required. Again, because the nature of the organization is different, the role it plays in the globalization process is likely different and therefore requires different management responses (Davis, 2001).

Exploration of the nature of international co-operatives, governance, structure, management and membership may be of interest, as would continued focus on exploration of local co-operative responses to the larger issues of globalization and in particular the changes that are occurring within sectors that affect the operations of co-operatives.

## CAPTIALIZATION

While research in new areas is important, it would be naive to ignore the fact that many co-operatives are pursuing conventional growth strategies. Therefore, capitalization is likely the subject of greatest attention to those involved with co-ops in practice and in research (Phillips, 2001; Black et al, 1999; Lategola, 1996; Luecal, 1995; Gill, 1994). The problems being considered are largely the result of trying to achieve goals that the organizational model might not have originally been intended to achieve. For example, co-ops were established to provide a service to members that were either not available or at least not available at a reasonable price. Over time this focus on service provision gave way to creating value for members/investors. Too often, growth, as a means to create value, has been equated with, or has entirely replaced, member service as the goal

of some organizations. Growth of course typically requires capital in larger sums than the original organizational model was designed to provide. This results in a challenge for the leaders of co-operatives. Not surprisingly, much co-operative research has focused on this challenge, rather than stepping back and considering whether the chosen path, which has created the need for greater capitalization, was the best way forward in the first place.

The research on capitalization has considered conventional ways and at other times more innovative approaches employed by co-operatives. The conversion or demutualization of the organization allowing the sale of shares and access to capital from the stock market has been popular in practice and not surprisingly been the subject of most research (Lewin, 2002; Beresford, 2001; Gill, 1994). While this approach has been examined as a management strategy from a business perspective, the implications for the members of these organizations has not been fully explored.

Research on alternative capitalization models could provide managers with other tools that might allow them to more closely conform to the co-operative's member service mandate.

#### CO-OPERATIVE DEVELOPMENT AND ENDOGENOUS FUNDING MODELS

Not much research has been done in this area. What exists has focused on the conversion of member equity, or leverage of member equity, to capitalize an existing co-op's growth versus any form of new co-operative development. Research regarding the New Generation Co-operative model of development has attracted the most attention (New Generation Co-operative Case Studies, 2000). However, in such cases the capitalization is coming from members choosing to create the NGCs rather than from within an existing co-operative.

While new co-operative development was more likely a part of an existing co-operative's mandate in the past, the current focus on growth and efficiency leaves little room for such perceived distractions. Again, a renewed view of a co-operative as a different type of organization with some greater role in community economic development might lead to greater interest in new co-op development (Haynes and Nembhard, 1999; Shipp, 1996). Research that examines the advantages of such an approach for both new and existing co-operatives is desperately needed.

#### CO-OP MODEL ADAPTATION AND GLOBALIZATION

Sadly, most co-operative adaptation has occurred primarily to address capitalization issues. Again, agricultural co-operatives lead the way. While the need for capital cannot be ignored, other issues reflecting a changing environment need to find a place on the research agenda. Some research has considered the changing role of farmers in the agriculture sector and the implications for the co-operatives they own or create (Fairbairn, 2003). Similar consideration must be given to the changing role of workers

and consumers and how co-operatives might play a role during such change.

Existing co-operatives were created by their members to address certain sets of problems in particular environments. As those environments change so will the needs of people and in turn so will the types of organizations they create. Research in the area of leadership, and member commitment will be essential in understanding the adaptations adopted by successful co-operatives. New co-operative organizational models will also result from research and understanding of the changing environment, and the examination of the changes occurring in existing organizations may be another avenue of research that will prove helpful in determining what types of responses result in successful co-operatives.

## GOVERNANCE

While most of the discussion above has considered management strategies, it is equally important to understand how the governance of a co-operative shapes the paths the organization takes, and how management and elected officials interact, and in turn affect each others' role. For example, with regards to innovative capitalization approaches, the use of equity capital is an important focus and comes with implications for the succession of an organizations' ownership and control.

Questions related to director responsibilities and liabilities are becoming increasingly important considerations. (Rhoades and Rechner, 2001) While some research has been conducted in this area, much more, particularly in terms of director responsibility to members is needed. This again ties in with the idea of member commitment and leadership. It is also important to consider such research in terms of how co-ops might set themselves apart from other forms of organization.

Overall, research on governance and management of co-operatives in any sector has focused on the business component of these organizations. While it might be argued that this is precisely what management and elected leaders should focus on, it is important to do so with recognition that co-operatives are a different type of business. The difference in the nature of the business produces unique challenges for their managers and boards of directors. The relationships between managers, directors, and members are different in co-operatives and research is required to identify and understand these relationships and differences. Such understanding would prepare co-operatives to contend with the changes resulting from globalization, be competitive in any sector or industry, and most importantly be competitive in their own way and according to their own rules rather than according to the usual methods of investor owned enterprises.

Like the directions for future research in the area of adding value to agricultural co-operatives, research which offers in-depth study of an organization would be very useful. These studies expand on the case study model and offer historic detail and detail analysis of a co-operative's development, market sector changes, challenges, successes, failures, governance, membership expectations, just to name a few areas.

## WORKER CO-OPERATIVES AND CO-OP SUCCESSION PLANNING

The literature on worker co-operatives is of significant, but not extreme, volume over the past 10 years. In reviewing the published research three general perspectives on worker co-operatives emerged: worker co-operatives and their viability and success as compared to investor-owned firms; worker co-operatives as tools of economic democracy and an alternative economic participation model; and worker co-operatives as economic and social development models in marginalized communities and in declining industries.

Although the primary interest of this section was to explore the research relating to worker co-operatives as an alternative for small and medium sized business succession planning, there is little research published in this area. There are examples of articles, reviewing the current state of worker co-operatives and future areas of development of the model, that identify an interest in worker co-operatives as a model for sustaining SMEs, actual research in this area is not well represented in the literature. United Kingdom information campaigns for worker co-operatives as a model for SME succession planning (Cattell, 1999), or for the development of “Phoenix Co-ops” (Lee, 1994), and the Canadian Worker Co-operative Federation’s interest in these worker co-op development options deserve further research to determine if such initiatives have been put in place, and if they have been successful. There may also be some valuable information to be found by exploring examples of the worker co-op conversion of large, unionized firms (Brown & Quarter 1994). A general overview of the current succession planning activities and outcomes of SME’s would also be useful to determine how viable the worker co-op option is from that perspective.

A number of studies discussed capitalization for worker co-operatives, both in terms of what of the issues of capitalization and with concrete examples of how these issues are being resolved through initiatives like the Co-operative Bank in the UK (Alikin, 1997; Arthur, et. al., 2001; Bonin, Jones & Putterman, 1993; Bonin & Putterman, 1993; Cordova, 1998; Davis & Wortherington, 1993; Bauen, 1995; Thomas, 1993; Tseo & Ramos, 1995). Although funding issues are always limited to the regulatory contexts specific to particular countries, there may be examples of potential funding options for Canadian worker co-ops.

For an excellent collection of case studies on a wide range of worker co-operatives see Saiz and Tarazona’s 1997 publication *Coopexcel: Successful European Worker Co-operatives: 27 Case Studies*. The details of this publication are too numerous to include in this document but the report offers much information on worker co-operatives operating a number of countries and sectors.

A large amount of the literature, originating from the discipline of economics, was focused on comparative studies of the productivity and efficiency of worker co-operatives, investor owned firms and Employee Stock Option owned firms (Bauen, 1995; Ben-ner 1995, 1996; Bonin, Jones & Putterman, 1993; Bonin, 1995; Cordova, 1998;

Cornforth, 1995; Craig & Penceval, 1993a; 1993b; Craig, et.al., 1995; Doucouliagos, 1995; Finlay, 2000; Penceval & Craig, 1994; Prychitko & Vanek, 1996.) A number of these studies examined forestry sector worker co-operatives in the United States.

The exploration of worker co-ops as models for increased democratic participation and economic development are found in many publications (Abascal-Hildebrand, 2001; Spear & Voets, 1995; Stohl & Cheney, 2001; Taylor, 1994; Whyte, 1999; Wisman, 1997), particularly those that examine the Mondragon co-operative complex. Common themes in this literature explore individual participation in the democratic process and decision making, both in the organization and in civic engagement (Greenberg, Grunberg & Daniel, 1996) and in issues related to worker co-operatives as responses to unemployment (Staber, 1993) and to economic participation on an individual level and as community economic development tools (Arthur, et a., 2001; Comeau & Levesque, 1993; DeLong, 2003).

There is considerable discussion of worker co-operatives in the popular and alternative presses, as social alternatives to empowerment and economic democracy, particularly for members of marginalized groups. These articles are too copious to include in this document, and as they are not generally based on research they have not been included. A review of some of these publications may reveal examples of innovative work co-operatives that could become the basis for valuable case study research. Many of these organizations provide employment and services for marginalized groups such as immigrants, women, (Guilford, 2002; Oerton, 1997; Pestoff, 2000; Pitegoff, 1998; Spear, 1997) and Black Americans (Shipp, 1996). Social service delivery worker co-operatives are also discussed (Baldacchino, et. al., 1994; Soifer & Resnick, 1993), as are two interesting articles that explore worker co-operatives and sustainable development and social responsibility (Booth, 1995; Jones, 2003).

In the area of future research, the literature suggests that it would be helpful to examine the existing tax incentives that have been put in place for the conversion of investor-owned firms to ESOPs (Conte, 1994). Many of these ESOP conversions have been well documented and although the ESOP structure is different from that of a worker co-operative, there may be instructive examples of the financial incentives that have been initiated to facilitate these conversions. There are also a number of variations on the ESOP structure that could again be instructive for background information for innovation in worker co-operative development (Marens, Wicks & Huber, 1999).

It would also be interesting to further the exploration of worker co-operatives in SME succession planning by bringing together a body of case studies of SME/worker co-operative conversions. As well, exploration of the nature of SME succession planning and the potential fit with worker co-operative transitions would be most valuable.

## CO-OPERATIVE DEVELOPMENT OPPORTUNITIES AND BARRIERS

Opportunities for future research and development have been noted throughout this report within the context of the established research themes. Drawing more generalized conclusions is a challenging task and has the potential to dilute some of the recommendations for research rather than add to the identification of opportunities. It is possible though, to highlight some of the ideas within each theme and to mention some of the broader opportunities and barriers to co-operative development that have emerged in this review of the research literature.

#### Adding Value to Agriculture

In general, it seems prudent, given the sweeping changes to the agriculture sector, to begin to refocus research and development attention on new areas. Opportunities exist to explore the potential role for co-operatives to add value for members in the area of food safety, food quality and compliance. Such research would also focus on innovation, in agricultural co-operatives particularly in the area of leadership and management and understanding member commitment. Focusing our attention on these issues may also reveal some new understandings that may be relevant to some of the long term problems such as capitalization, etc.

#### Access to Healthcare and Home Care

Given the current state the healthcare system in Canada, alternative models for healthcare and home care delivery should be viewed as areas of huge opportunity for co-operative development and research. The recently completed Romanow commission, the continuing devolution of rural and remote healthcare, challenges serving marginalized communities in urban areas, and the growing elderly population requiring home care support are examples of some of the current concerns in healthcare and home care that could benefit co-operative development. Challenges and barriers of course persist in this area. A complex and financially overburdened system with a culture that does not perhaps embrace a more egalitarian or collective control of health care are just some of the potential barriers to the development in co-operatives in this sector.

#### Development of Aboriginal Communities

The development of co-operatives in Aboriginal communities in Canada is another area rich with potential. Successful co-operatives in many northern communities can help developers understand the applicability of the model in other settings, the growing interest in Aboriginal business development can be tapped into to include the co-operative enterprises, and the experiences of CED initiatives can help to inform the best practices for co-operative development in many urban Aboriginal communities. Here, membership and identity, self-government agendas, and Band operated business should all be considered as some of the potential areas for continued research. As this is still a fairly new area many of the barriers to development have yet to be discovered. Some of those that might prove to be potential challenges include regulatory issues for on-reserve First Nations, and general lack of knowledge of the co-operative model for individuals exploring business structures and for support and funding organizations assisting with economic development initiatives.

#### Local Economic and Social Development



The potential for co-operative development in the area of local economic and social development will continue to be substantial. Relatively unexplored areas such as the role of social cohesion in co-operatives, the application of co-operative models for alternatives to public service delivery, and the responses of communities to environmental issues through the formation of co-operatives should continue to receive research and development attention. Innovative forms of co-operatives, and co-operative-like organizations should be recognized as instructive for co-operative development. Co-operatives as a tool for CED should always keep in mind the need for member-initiated in co-op development. Regulatory and legal barriers may exist for some types of co-operatives, such as worker co-ops and in particular, worker co-operatives for low-income workers. Special attention should also be paid to innovative funding models that are coming into place, particularly for CED-based co-operative development.

#### Governance and Management

Similar to the shift in focus suggested in the adding value to agriculture section, a refocusing of research and development needs to take place in the area of co-operative management and governance. Exploring the nature of member commitment and member involvement, and the role of leadership in co-operative innovation and success, may help to provide insights into recurring and unresolved challenges, such as capitalization and member education. While it is useful for co-operatives to explore the successes of other business models, the distinctiveness of the co-operative structure should be kept in mind and should direct the adaptation of innovations. The barriers resulting from the complexity of co-operative organizations and the affects of globalization of markets and industries may be additional areas for research consideration.