

# Creating and Supporting Co-operative Members in the West Midlands

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## Abstract

Member participation is widely considered to be the lifeblood of democratic member-owned organisations such as consumer co-operatives. However, despite this recognition of its importance, active participation is often lower than desired. In this article we first establish why this is an important issue for consumer co-operatives to address. We then present a theoretical model we call the 'Participation Chain', which aims to unravel some of the complexity that inheres in an important question that has, up to now, received little systematic attention - namely 'what motivates co-operative members to participate?'. Finally, we present some research findings from a recent research project that tested the model with two types of consumer co-operative in the West Midlands region: housing and retail co-operatives. This research was conducted in partnership with the Co-operative College as part of a larger project that aimed to find new ways to create and support active 'stakeholder members', and therefore vivify processes of member involvement in the West Midlands.

## Introduction

The research on which this article is based is the result of a fruitful research partnership with the Co-operative College, and was undertaken as part of a larger project called 'Creating and Supporting Stakeholder Members In Social Enterprises'. This larger project, which ended in March 2004, had the following stated objectives:

- To establish a baseline position on membership in co-operatives, mutual and social enterprises covering:
  - The accuracy of existing membership records.
  - The extent of and methods of communication with members.
  - The extent and methods used for member participation in the democratic processes in the organisation.
  - The number of members directly active in the governance of the organisation
- To investigate what motivates and sustains active membership
- To use the data from the investigation to inform action research methodologies which actively involve members in the governance of social enterprises.
- To produce a membership toolkit that captures good practice in membership development and retention in co-operatives, mutuals and social enterprises.
- To begin to develop a regional strategy to assist social enterprises across the West Midlands to benefit from active membership.

In this article we first address how the second of these objectives was achieved, and how the findings from this investigation fed into the third of these objectives. In our research we worked with two types of consumer co-operative: retail co-operatives and housing co-operatives. In principle, consumer co-operatives are owned and controlled by their customer-members. As democratic organisations, co-operatives have a tradition of member-involvement, whereby in principle each member has the right to participate on an equal basis. However, in practice as co-operatives have grown larger the members have ceded governance to an elected board and day-to-day running of the business to managers. Sometimes governance has been mediated through intermediate democratic forums, but mostly it is exercised through a small number of members on the Board and Committees. Where this has happened, some people have argued that the lack of general member participation in governance does not matter much, because members still benefit from the right to the 'residual' that returns to them in the form of reduced prices or the build up of reserves (Hansmann, 1996). Others point out that member participation carries costs, either because of the need to provide incentives to members to become interested, or because of the need to reconcile different, potentially conflicting interests in the decision-making process (Leadbeater and Christie, 1999). They argue that participation can be time-consuming and difficult for the organisation; decision-making procedures are 'hard to devise and maintain', and that the membership can

become too large and dispersed to maintain incentives for participation, or too inward-looking and dominated by sectional interests.

However, there are at least three counter-arguments to this (Birchall & Simmons, forthcoming a):

1. Consumer control need not be all that costly. Studies comparing investor-owned and mutual organisations in the US have not been able to find significant differences in monitoring costs (Morse, 2000). Some costs will be covered by the kinds of regular contact with consumers that the co-operative would have anyway, and new ways are emerging to reduce the costs of member involvement (eg the internet). While different types of customer may have different attitudes, it has also been argued that joint control by different types of stakeholder can be designed into the organisation in such a way that costs are minimised (Turnbull, 2001).

2. A lack of consumer control can also be costly. For example, before the 1986 Act, building societies could avoid involving members because the environment was highly regulated and not very competitive; there were not many important decisions to make. It was in the interests of managers to lower the risks, and so high reserves were built up with nobody to put pressure on the board to distribute surpluses. The costs of this minimal participation strategy only appeared with deregulation, when the members were able to demutualise and take the surpluses for themselves. Appeals to the loyalty of members by boards wishing to remain mutual were made less effective by the fact that members had for so long been ignored. There are lessons to be learned here for other mutual organisations, including co-operatives.

3. Consumer control can also bring benefits. Encouraging participation by members can provide for an information rich environment and for trust relations to build up (Birchall and Simmons, 2001). Member participation provides the necessary conditions for a 'co-operative advantage' to be gained that will show up positively in the trading results. It used to be a basic tenet of co-operative theorists to draw a distinction between the business and the association and to assume that these two aspects of a co-operative worked separately and were at odds with each other, leading to

competitive disadvantages (Pestoff, 1991). Recently, this view has given way to an appreciation of the 'co-operative advantage'. The aim is to promote social goals and ethical practices that are implicit in co-operative principles, in such a way that the incorporation of these goals and practices into the business strategy gives a commercial advantage over one's competitors. The return of the benefits to members completes a virtuous circle, demonstrating both the ethical and commercial superiority of co-operatives (Spear et al, 2000; Co-operative Commission, 2001). It could be argued that in sectors where some attempt has been made to open up governance to members - friendly societies, credit unions, housing co-operatives and some consumer co-operatives - the costs have been outweighed by the benefits.

However, if the above benefits are to be gained, members need to participate. In this project we therefore sought to establish the factors that might make them more (or less) likely to participate. This work builds on two important Economic and Social Research Council-funded projects in which we have developed a detailed model of what makes people participate which we call 'The Participation Chain' (Simmons & Birchall, 2004; Birchall & Simmons, forthcoming a; b).

### **What motivates people to participate?**

There is a controversy in social psychology between those who see people as innately competitive or co-operative (Argyle, 1991). Twenty years or so ago, it was thought that behaviour could be explained in terms of 'selfish' genes, which hindered co-operation (Dawkins, 1976). More recently, this viewpoint has been modified to suggest that, given time (and certain other specifiable conditions) self-seeking individuals can learn to co-operate (Axelrod, 1984; Dawkins, 1989). Sociologists emphasise the importance of the growth of social solidarity (and resulting high trust relationships) in modifying the individual's calculation of utility (Birchall, 1989). Similarly, political scientists have long suggested that people will not participate in collective action to achieve common goals - they will instead 'free ride' on the efforts of others, unless there are private payoffs ('selective incentives') which they calculate to exceed the costs of participation (Olson, 1965). More recently

however, some have argued that this perspective is too narrow, and that there is a need to “consider a wider array of incentives ... where the individual ‘thinks’ collectively rather than individually” (Whiteley and Seyd, 1992).

These controversies have informed our work, but we have gone beyond them to develop a ‘Mutual Incentives Theory’ (MIT) of motivations to participate. MIT examines two approaches to motivation. The **individualistic approach** asks ‘what do I get out of it?’. It assumes that people are motivated by individual rewards and punishments, and make their decision to participate based on a calculation of the costs and benefits to them. The **collectivistic approach** interprets human behaviour very differently, assuming that participation can be motivated by three variables:

1. *Shared goals*: people express mutual needs that translate into common goals.
2. *Shared values*: people feel a duty to participate as an expression of common values.
3. *Sense of community*: people identify with and care about other people who either live in the same area or are like them in some respect.

This approach generalises that the more each of these three variables are present, the more likely people will be to participate. In our research the two approaches have been kept separate and tested alongside one another to see which factors emerge as the strongest incentives for participation.

The insights of Mutual Incentives Theory are important. However, on their own they are insufficient to explain what makes people participate. MIT needs to be linked to other potential explanations if we are to provide a more rounded interpretation of why people take part. Whiteley & Seyd (1996) talk of incentive-based explanations as demand-side models, whereby incentives create a demand for activism. By contrast, other aspects such as personal resources and mobilisation factors provide ‘supply-side’ explanations, which act to

supply higher levels of participation. They suggest: “a general model would incorporate both demand and supply side variables”. This leads us to propose a general model of motivations to participate that we have called ‘The Participation Chain’. The model has a number of levels, or ‘links’ in the chain (see Figure 1).

At the first level, we expand our analysis to consider the prior **resources** and capacities of potential participants. Important resources are usually thought to include time, money, skills and confidence (eg Verba et al, 1978, 1995; 2000; Parry et al, 1992). At the next level, we include the **mobilisation** of participants. Research in this area has also examined a number of factors. First, *issues* have been proposed as important catalysts of participation. Participants may therefore be more strongly engaged by certain ‘catalysing issues’ than non-participants. Second, the creation and promotion of *opportunities* to participate that are relevant, timely and attractive has been put forward as an important factor. Finally, research has pointed to the importance of *recruitment efforts* in mobilising participation (Klandermans & Oegema, 1987; 1994; Jordan & Maloney, 1996). Hence, while some people seek out participation opportunities themselves, ‘being asked’ is commonly reported as important in mobilising participants. This is particularly the case where the recruitment agent is known to the participant through his/her social networks (eg Klandermans, 1984; Rosenstone and Hansen, 1993; Brady et al, 1999).

At the third level we look at **motivations** using Mutual Incentives Theory. Finally, at the fourth level we expand our analysis to consider the **dynamics** of participation. Research here has focused on the *styles and strategies* employed by participants, for example as ‘defenders’ or ‘protesters’ (Piette, 1990), or as ‘insiders’/‘outsiders’ (eg Maloney et al, 1994). Beyond this, studies have looked at the ‘feedback effects’ from people’s *experience* of participation (Parry et al, 1992; Finkel & Muller, 1998). If the experience is positive, it may affirm participants’ key motivations (Snow et al, 1986; Snow & Oliver, 1993), and lead to the

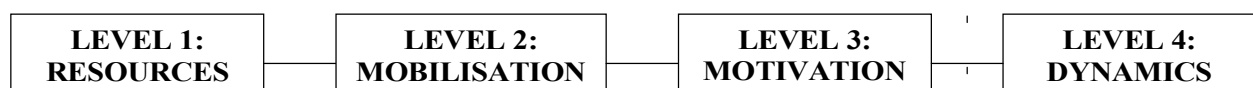


Figure 1: The Participation Chain

development of a commitment to participate (Cress et al, 1997; Passy & Giugni, 2000). However, for consumer co-operatives, the role and attitudes of managers and organisers are also recognised as a key part of the dynamics. Their 'participation' interacts with that of ordinary members in complex and important ways that may either facilitate or repress meaningful participation (Tarrow, 1998). This emphasises the need for managers and organisers to understand their own motivations for getting involved in member involvement initiatives, and to think about the styles and strategies they employ.

## Approach and Methodology

The West Midlands survey collected data on individual respondents' characteristics and motivations to participate. As we have stated, survey respondents were either retail or housing co-operative members. To set things up, contact was made with each partner organisation to explain the research in more detail and to discuss/observe the member relations set-up in each of the co-operatives. Following these visits, contact details for two categories of member was requested from each of the co-operatives:

- Members who participated actively in the governance of the co-operative eg the main board/committee, sub-committees, member relations committees. This group ('participants') were to be asked about their current participation in their co-operative.
- Members who were aware of the opportunities to participate in the governance of their co-operative but had never done so. This group ('non-participants') were to be asked why they had chosen not to get more involved despite being aware of the opportunity to do so.

Because every member's motivation was assumed to be at least slightly different, the motivational research required that each individual participant should be interviewed individually. Individual members were therefore contacted by a member of the interviewing team, and arrangements made for the interviews to take place. Members that agreed to take part in the motivational research were generally interviewed in their own home. Participants (N=113) were members of Boards

or committees involved in the governance of the organisation. A response rate of 83 per cent was achieved. For logistical reasons, the non-participant sample (N=97) was a convenience sample. This consisted of co-operative members who were known not to participate. Face-to-face interviews were used initially, but low response rates led us to supplement this with a different strategy, mailing questionnaires to a further 150 non-participants with a response rate of 42 per cent. The response of over 40 per cent was pleasing when it is considered that respondents were known 'non-participants'.

Given the number of members we intended to interview and the timescale for the project, a number of postgraduate business students were recruited and trained to work alongside the researchers on the data collection for the project. Over thirty local business students received a full day of training in survey research methods, and for many of them this was the first time they had ever been informed about the co-operative sector. It should perhaps be considered an additional output from the project that at least two of these students subsequently indicated an interest in studying co-operatives for their own research thesis, which shows that this kind of project has the potential to bring new blood into the sector. Of at least equal importance, the interview process itself seemed to act as a stimulus for member participation. The Co-operative Group reports having at least two members stand for election as a result of participating in these interviews.

As we show later, the survey data provided a springboard for the action phase of the larger research project. Detailed findings can be found in the full project report (Simmons & Birchall, 2003). However, the key findings are summarised in the next four sections, which correspond with the four 'links' in the Participation Chain detailed above.

## Resources

Resources are thought to make it easier for people to participate. For example, somebody with more spare time may be thought more likely to participate than somebody with less. We wanted to find out if resources were important for co-operative members. The resources we looked at were time, money, health, skills and confidence.

*Time* showed up as being quite an important

resource. Work and childcare responsibilities appear to present time barriers for non-participants. However, participants found a way round these constraints. Once people get involved and become committed to participating in the co-operative, time seems to be a barrier that can be overcome. *Money* did not show up as being a particularly important resource. Over 50 per cent of participants were on low incomes. However, higher-income participants in retail co-operatives participate more intensively. This could mean that expenses paid to participants are not enough to sustain higher levels of participation from members on lower incomes. *Health* is not an important resource for participation either. More non-participants (90 per cent) reported themselves to be in good health than participants (80 per cent). Also, participants who said they were in good health and those who did not participated to the same degree.

There is little that co-operatives can do directly to give people more time, money or good health. Action to create and support co-operative members must therefore focus on the things that can be done to limit the negative effects of individual members' lack of these resources. The same is not true however for the other two resources: skills and confidence. *Skills* were important, particularly in retail co-operatives. Participants were more likely than non-participants to have been active in similar organisations. Over 75 per cent of participants said this previous experience had given them useful skills, knowledge and understanding. *Confidence* is also very important. Participants were more likely to be confident about their ability to both participate effectively and get things done. Non-participants were a lot more unconfident - particularly in retail co-operatives where 33 per cent said they were unconfident about their ability to participate, and 48 per cent about being able to get things done.

In sum, time, skills and confidence show up as being the most important resources for the participation of co-operative members. Time constraints (particularly around work and child care) can affect members' decision to participate. However, creches and evening meetings are only part of the answer. Another important task is to help people overcome the perception that time is an insurmountable barrier. Co-operatives should try to provide some low-cost alternatives as 'entry points' for

participation (eg telephone voting). Once members are involved at the 'entry level', they can then be provided with a range of alternatives for getting more involved. Skills can be built through training. Training has been shown to be important in supporting people's participation. The co-operative movement has education as one of its key principles, and the Co-operative College provides a range of useful courses. Building members' skills should also help to build confidence. However, there may also be value here in looking at advocacy schemes. Advocacy can be provided by members' themselves (eg 'buddy' schemes for new members) or with professional support. It can be very helpful for potential new members who feel daunted by the prospect of breaking in to an established group.

## **Mobilisation**

A number of factors play a role in the mobilisation of participants. For example, some people may be more engaged by a particular issue than others. The mobilisation factors we asked co-operative members about were: issues and interests, opportunities, and 'mobilisation attempts'.

Members' engagement with and interest in certain *issues* can be important (see Figure 2). Participants in retail co-operatives were significantly more likely to report a strong interest in politics than non-participants, an effect that was not present at all in housing co-operatives. This can be explained by the strong traditional links between retail co-operatives and the wider Labour/trade union movement. Participants were also more likely than non-participants to see change in their co-operative as an important issue, to find co-operative leaders persuasive, and to want to join in with other like-minded people.

Participants in retail and non-participants in housing were more likely to feel that decision makers in the co-operative were 'not listening'. Participants in retail co-operatives are often further removed from decision-making than those in housing co-operatives. Feeling listened to is linked to the 'distance' between members and the people making decisions. *Opportunities* are also very important. 80-90 per cent of participants, but only around 30 per cent of non-participants are positive about the opportunities they are given to participate. The attractiveness, timeliness and relevance of opportunities are

	Participants %	Non-participants %
Join in	50	26
Important changes	35	24
Strong interest in politics	28	24
Leaders persuasive	27	12
Authorities not listening	21	20
Worse served	14	12
Leaders understanding	14	7
Authorities self-interested	13	7
Changes not quick enough	14	19
Authorities cannot be trusted	11	7
Disadvantaged	8	7

Figure 2: Issues and Interests

important in mobilisation. More participants (95 per cent) thought they were given enough opportunities to participate than non-participants (70 per cent). This shows that (i) new opportunities need to be created, and (ii) non-participants need more information about how to get more involved. *Mobilisation attempts* (or 'asking people') showed up to be particularly important. Indeed, in recognition of this, the 'membership toolkit' produced by the Co-operative College as a part of the larger project was itself titled 'Just Ask' (see <http://www.co-op.ac.uk/justask>). If members are not asked directly to participate they are less likely to get involved. Indirect methods such as reading posters, newsletters or advertisements in the local papers mobilise less than 10 per cent of participants. Face-to-face methods are more effective, so it matters how people are asked. 'Recruitment agents' are usually known to and trusted by the participant, so it also matters who does the asking.

In sum, all of the mobilisation factors we looked at in this research are important for participation. Issues (particularly around proposed changes and not feeling listened to) and interests (particularly political interests and joining in with like-minded people) can affect members' decision to participate. The task here is twofold:

- (i) To make sure that people are able to address the issues that are important to them in their participation (ie that discussion of these issues is not suppressed).
- (ii) To ensure that members are able to follow their interests, perhaps through making links

to political campaigns (eg ethical and fair trade), or through more attention to social activities.

This links to our findings on opportunities. In particular our findings show that a balance between 'task-oriented' and more 'social' activities is important for healthy participation. Equally importantly, all arrangements should be kept under regular review to make sure that members still perceive them to be timely, relevant and attractive. In mobilising participation it is important that people get asked directly to participate – and preferably face-to-face. It is important that mobilisation is not left to chance by simply putting up posters, etc and expecting people to respond. Our findings show that many members find co-operative leaders persuasive. However, we must caution against mobilisation attempts being limited to those members within existing activists' networks, as this may have implications for diversity.

### Motivations

Motivations are the third link in the Participation Chain. Here we consider what motivates people to participate in terms of incentives and attitudes. For example, some people may base their decision to participate on a calculation of the costs against the benefits. Others may decide to participate as a result of feelings of solidarity with fellow members. We asked co-operative members about both 'individualistic' and 'collectivistic' motivations.

Individualistic incentives show up in our data as being quite important. These incentives are

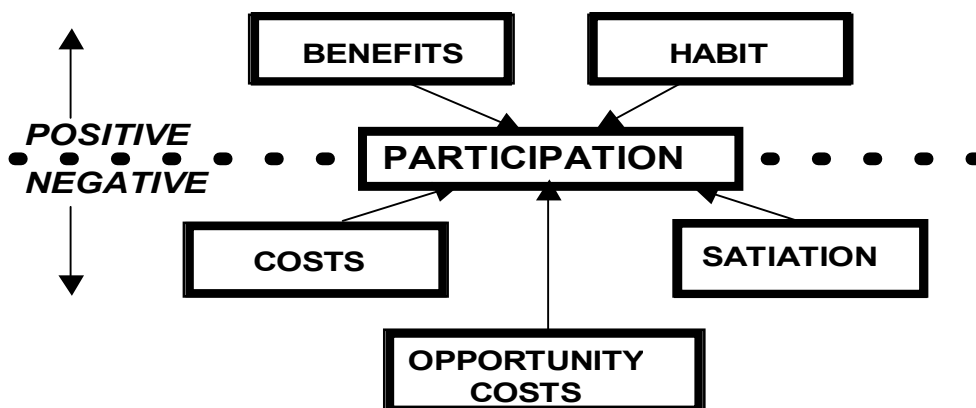


Figure 3: Individualistic Incentives

shown in Figure 3. This is an enhanced cost-benefit model, considering also the positive effects of habit and the negative effects of opportunity costs and satiation.

Three factors have a negative effect on participation: direct costs, opportunity costs and satiation. Few members considered *direct costs* to affect them. Indeed, 65 per cent of participants and 50 per cent of non-participants said that none of these costs applied (see Figure 4). For the majority of members, direct costs do not therefore appear to provide a significant barrier to participation. Having said this, a significant minority of non-participants in both housing and retail co-operatives were more likely to say that financial costs (17 per cent and 25 per cent respectively) and being bored in meetings (33 per cent and 22 per cent respectively) were important. This is worth noting, even if it tends to be a relatively low percentage of non-participant members who say they are affected. It points in particular to a

need to reduce the perceptions of high financial costs in retail co-operatives and boredom in housing co-operatives. The story appears to be similar for *opportunity costs*, where just 6 per cent of participants but 33 per cent of non-participants report that these costs put them off participating. A significant minority of non-participants would clearly rather be doing something else with their time. Finally, *satiation* does not appear to have any significant effects. Only 10 per cent of participants believed that any benefits had become less valuable to them.

The positive factors in Figure 3 are benefits and 'habit'. *Habit* appears to exert quite a strong effect, with 43 per cent of retail participants and 59 per cent of housing participants saying that their participation had become habitual. Habitual participation indicates that members have stopped calculating whether the benefits outweigh the costs, having come to expect through experience that this will be the case. As long as people are no longer making this

	Participants %	Non-participants %
Effort - skills etc	12	4
Get on with people	9	4
Bored/uncomfortable	4	25
Financial costs	4	23
Being unpopular	4	3
Deal with criticism	8	4
Others free riding	11	8
None of costs	65	51

Figure 4: Participants v Non-Participants - Costs

	Participants %	Non-participants %
Help to career	14	8
Getting my own problems solved	28	15
Others look up to me	11	0
Financial reward	6	14
Giving a social life	52	20
None of external benefits	35	11

Figure 5: Participants v Non-Participants - External Benefits

calculation, they are unlikely to reconsider their decision to participate (and therefore likely to stay involved).

*Benefits* are subdivided into 'external' and 'internal' categories. Amongst non-participants, the effects of external benefits appear to be marginal; no more than 20 per cent said that any of these benefits were important to them (see Figure 5). Neither did participants report these benefits as being particularly influential; 35 per cent of them said that none of these benefits were important. The exceptions were 'giving me a social life' in both housing and retail co-operatives (54 per cent and 51 per cent respectively), and 'getting my own problems solved' in housing co-operatives only (50 per cent in housing co-operatives v 11 per cent in retail co-operatives). The difference between participants and non-participants responses here was statistically significant. We have already discussed the importance of co-operatives' social function (see 'opportunities' above). The relative importance for housing co-operative members of getting their own problems solved may be linked to the fundamental and personal nature of housing in people's lives, and fits with the findings of our previous project working with public service users.

Greater proportions of participants and non-participants alike considered 'internal' benefits (rather than the more 'material' external benefits) to be valuable (see Figure 6). However, the difference between participants and non-participants on every one of these measures is significantly higher. Our findings therefore replicate those of Verba et al (2000: 267), that "taking part makes activists feel good about themselves". Internal benefits are clearly important incentives to participation. Members particularly value participation as 'a learning experience', 'a chance to have my say', for 'enjoyment' and 'a sense of personal achievement'. Ways to strengthen these benefits should be strongly considered as part of any participation strategy.

Members' motivations to participate appear to be clear-cut from these findings. For participants the benefits outweigh the costs, and this makes participation more likely. For non-participants the balance between costs and benefits is more even, making participation less likely. However, in itself this assumption may be misleading. The influence of individualistic incentives is called into question by a key finding from our research, which shows that over 80 per cent of participants say they would still participate without any of these incentives.

	Participant %	Non-participant %
Feel more in control	48	22
Valuable learning	78	49
Enjoyment	70	45
Have my say	75	43
More self confident	54	11
Sense of achievement	72	38
None	2	3

Figure 6: Participants v Non-Participants - Internal Benefits



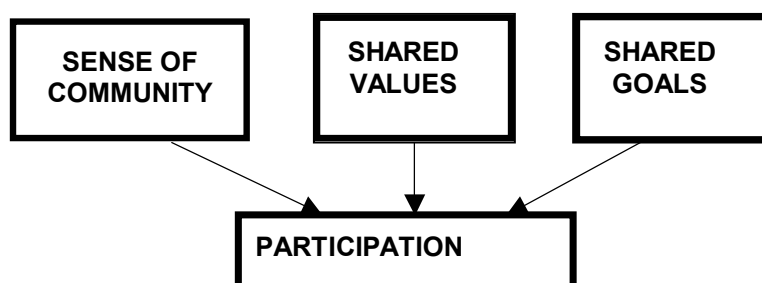


Figure 7: Collectivistic Incentives

While this seems contradictory, it implies they have collectivistic incentives that outweigh the individualistic ones. Indeed, when asked, most participants stated they want to get benefits for the co-operative as a whole (62 per cent) as opposed to individual benefits (0 per cent). 38 per cent said both. This suggests that the pursuit of individual benefits is often secondary to a wider set of concerns. Such concerns are the focus of the other aspect of Mutual Incentives Theory: collectivistic incentives.

Collectivistic incentives are shown in Figure 7. There are three variables, all of which have a positive effect on participation: shared goals, shared values and a sense of community.

Our study used a 29-item attitude scale to measure these variables. This scale was found to be internally reliable (Alpha = .7612). We found that participants in both housing and retail co-operatives have a strong sense of community, and relatively strong sense of shared goals and shared values (see Figure 8). Non-participants score significantly less highly on each of these three measures ( $p < .01$ ). These findings provide an important distinction between participants and non-participants. Combined with the above findings that most members would still participate without individualistic incentives, they show that

collectivistic incentives are a primary mechanism in the motivation of co-operative members to participate.

In sum, our analysis of individualistic 'cost-and-benefit' incentives shows 'internal' benefits to be an important influence on participation (although costs are also important to a large minority of non-participants). Strategies for increasing member involvement would be wise to consider these issues. However, most participants said they would still participate without any individualistic benefits, which points to collectivistic incentives being more important. In a straight fight between our individualistic and collectivistic explanations of service users' motivations to participate, the collectivistic explanation therefore appears to win conclusively. Yet it might be argued that people are simply more comfortable with talking about collectivistic incentives, and that this distorts the above findings. When people say they would still participate without individualistic benefits, can we take them at their word?

Data collected in other ways tends to suggest that they can. Qualitative interviews and observations at meetings confirm that collectivistic thinking is dominant amongst participants, and that the influence of individualistic incentives is secondary. For the

	Housing Co-operative Participants	Housing Co-operative Non-Participants	Retail Co-operative Participants	Retail Co-operative Non-Participants
Sense of Community	2.01	2.49	2.11	2.40
Shared Values	2.55	2.79	2.60	2.78
Shared Goals	2.11	2.82	2.40	2.85
<b>OVERALL</b>	2.23	2.70	2.37	2.68

Figure 8: Collectivistic Incentive Scores

(NB: Items were scored on a Likert-type scale from 1-5: Lower scores indicate stronger collective motivations)

majority of participants, who tend not to calculate what they are getting out of it, collectivistic incentives remain the most powerful motivations for member participation. Any strategy to develop and increase member participation should therefore seek to enhance the sense of community (eg things in common, group identification, trust), shared goals (eg communicating and sharing information, working together to address common problems) and shared values (eg sense of duty to participate) felt by members. Our previous research has shown that an upturn in one of these aspects usually helps bring about upturns in the others too, so collectivistic incentives tend to work together to enhance people's motivations to participate. Any strategy to develop and increase member participation should therefore seek to enhance the sense of community (through social activities and interaction), and the perception of shared goals (by communicating/sharing information and working together to address common problems). *Shared values* felt by members will tend to follow, in a sense of duty to participate. Indeed, our previous research shows that upturns in one of these aspects can help bring about upturns in the others too, so collectivistic

incentives tend to work together to enhance people's motivations to participate.

### Dynamics

The fourth link in the participation chain takes in the **dynamics** of participation (see Figure 9). Here we consider how participants' experience of the participation process feeds back on to their motivations to participate. We also look at how different ways of doing things and people involved can either foster and sustain, or block and frustrate, members' participation.

Most participants do not have a general participation 'style'. They adapt their approach depending on what is going on at the time. However, one or two participants were campaigning on a 'single issue' (eg relating to a shop closure/desire for a new local store/housing improvements). A feeling of not being listened to arose from not having the reasons for commercial decisions properly explained to them, or the decision not being made in a forum where there was scope for further debate amongst members. This situation was indicative of the distance that had been allowed to develop between the some co-operatives and their members. These factors are widely seen

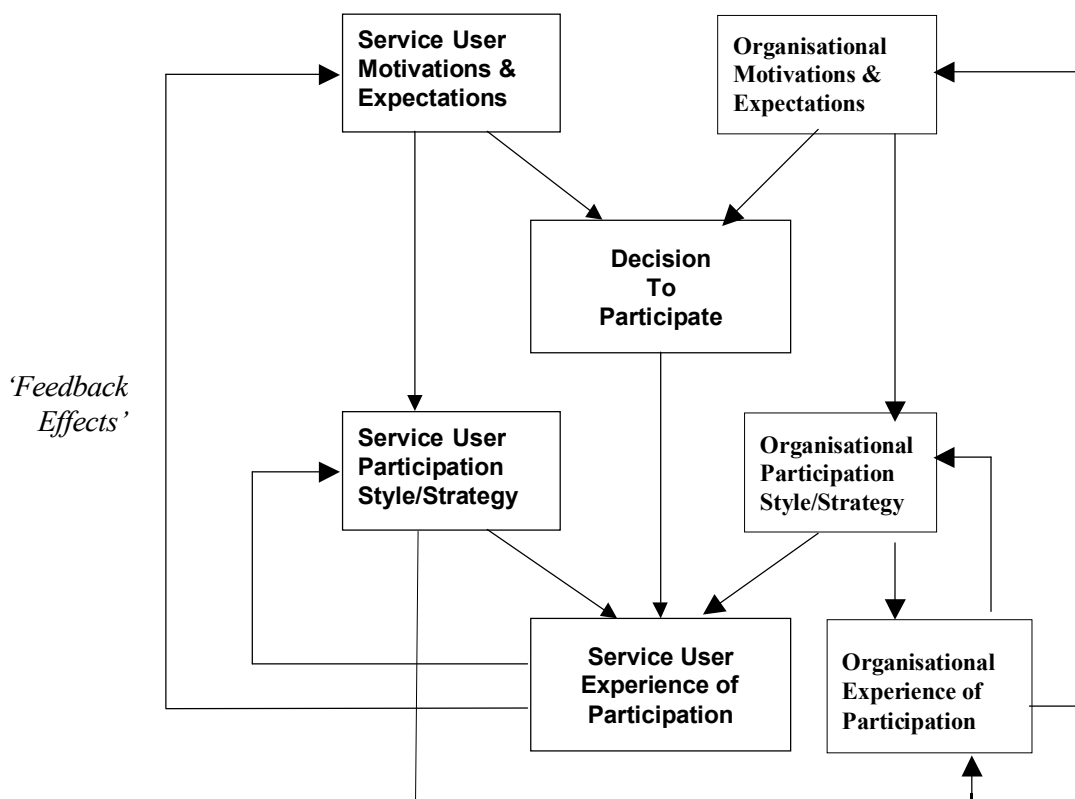


Figure 9: The Dynamics of Participation

as important in the dynamics of participation and deserve further attention.

The vast majority of co-operative members had a positive view of the participation *experience*, ie that it had either met or exceeded their expectations. Their reasons included the reinforcement of individualistic motivations such as learning, confidence building, enjoyment and a social life. Participation also reinforced members' collectivistic motivations, particularly sense of community and shared goals. One participant in a housing co-operative summed this up: "It is a bunch of nice people working together to get things done by sharing our skills and experience". An important by-product of this positive experience is the development over time of a commitment to participate. This is good news for all co-operatives, as members who say it would be difficult to stop participate for more hours, and in a wider range of activities. Was there any evidence that non-participants perceive the dynamics to be a barrier to their participation? To be fair, the majority of them did not have a clear conception of what participation involved. Others just saw it as too time consuming, which made them reluctant to commit themselves to it. However, there were some members who did mention the dynamics as a particular problem in response to the question 'why have you chosen not to participate?'. Examples included: '*Political (with a small 'p') personalities*'; '*Intimidation and back-biting at Board meetings*'; '*Meetings are a waste of time*'; '*Hierarchies in the organisation prevent getting things done*'; '*I dislike the possibility of lay unfocused meetings*'; '*I feel that people are uncomfortable with new members – do not make them feel welcome*'. The last point is perhaps particularly important. It can be intimidating for new members to get involved in a group, and if it feels uncomfortable they may choose not to do so. Many groups are unaware of the dynamics they create. However, if meetings seem too jargonistic, cliquy or adversarial to potential participants, this is likely to put them off.

To summarise, even though participants in this research are generally positive about their participation experience, there is no scope for complacency with regard to dynamics. Members can quickly become discontented if they perceive a resistance to change within their organisation, and a feeling of not being listened to. Some co-operatives appear to have a better relationship with members than others in this

respect. The more people find participation to be a positive experience, the more committed they become. However, if the experience does not meet their expectations their decision to participate may be reopened. There is a need to make sure that members are not put off by 'dysfunctional' dynamics when they first come forward to participate, and that they feel 'listened to' if they subsequently do contribute.

## Who Participates?

Up to this point we have talked as if participants are all the same. Yet often some types of member participate more than others. For example, it may be found that older people are more likely to participate than young people, or that men are more likely to participate than women. In this project we divided members on the basis of the following criteria: age, gender, ethnicity, and membership status. This told us what participants looked like, and if our data was 'skewed' by the over-representation of particular groups.

**Age:** In housing co-operatives, the under-50s were almost as likely to participate as the over-50s. However, in retail co-operatives the over-50s were twice as likely to participate. There are two potential reasons for this: a 'generational' effect, whereby older people have different attitudes to participation and civic duty, or a 'life cycle' effect, whereby participation is something people 'come to' in their later years. The first explanation is the doomsday scenario, suggesting that once the current generation of participants passes on, few people will replace them from the younger generations. The second explanation is a little more positive – it suggests that as each generation of participants passes on, it will be replaced by a new one. Even so, if older people are over-represented in participatory structures, this presents a key issue for the diversity of these structures.

**Gender:** In housing co-operatives, three women participated for every two men. Yet in retail co-operatives men were twice as likely to participate as women. It is difficult to speculate about why the gender balance should differ from one type of co-operative to another without resorting to stereotypes. However, the findings fit with our previous work. Perhaps there is

something that each sector can learn from the other to redress these imbalances?

**Ethnicity:** White members made up 95 per cent of retail co-operative participants, but just 84 per cent of housing co-operative participants. In part, this is because some retail co-operatives are concentrated in areas where the 2001 census shows 95 per cent or more of the population to be white (eg Stafford, Lichfield, Tamworth, Shrewsbury, Stoke-on-Trent). However, there is no room for complacency when the overall average for the West Midlands Region is 88.8 per cent, and where the white populations in Birmingham (70 per cent) and Walsall (86 per cent) are lower still.

**Membership Status:** We looked at whether respondents were employees/ex-employees or not. Unsurprisingly, employees/ex-employees were much more strongly represented in retail co-operatives than in housing co-operatives. Indeed, retail co-operatives are nudging close to the threshold where workers and ex-workers are in a majority, which may have implications for consumer democracy. Employees/ex-employees were more likely to say that change was not happening quickly enough, and that decision makers were only looking after their own interests. Unsurprisingly, employees also disagreed that important decisions should be left to the Board. Workers are keen to have a voice - both to contribute their expertise and to ensure their interests are adequately represented.

The implications of the above findings are worth discussing. They lie in the proportions of members in each category. Age imbalances require short-term action to remove barriers and promote participation to members at different stages of the 'life cycle', and long-term action to make co-operative values and principles relevant to new generations. The 'Participation Chain' model provides guidance as to the areas in which progress might be made here, as it does for gender imbalances, ethnic diversity, and consumer democracy. However, one-size-fits-all solutions will not work. While the underlying principles of the Participation Chain remain the same, the specific nature of the action needs to vary for each target group. Currently, retail co-operatives appear to have more to do than housing co-operatives to reflect the diversity of their populations in terms of age

and ethnicity, and need to ensure that consumers' interests, rather than those of workers, remain paramount.

### 'Clusters'

The demographics of age, gender, ethnicity and membership status are useful and important ways of 'segmenting' the population of participants. However, we also divided members using 'cluster analysis'. This process allows us to derive typologies of participants and non-participants based on their key motivations. Using members' answers to the collectivistic attitude scale, three clusters of participants and two of non-participants emerged.

Amongst non-participants, there are first '*unmotivated members*' (50 per cent). These members perceive the costs of participation to be higher, the benefits to be lower, and score lower on collectivistic motivations across the board. They are likely to be more negative about the co-operative, but despite being quite highly educated, feel quite unconfident about coming forward to participate. Second, there are '*marginal non-participants*' (50 per cent). These members are much less negative, and do not perceive the costs of participation to be particularly high, but currently lack strong enough positive motivations (benefits and collectivistic motivations) to come forward. However, with the right encouragement they might be persuaded.

Amongst participants, there are first '*campaigners*' (20 per cent). These members are quite highly committed and active. They are 'doers', who take responsibility on committees and as office-bearers, and tend to seek change rather than defend the status quo. Participants in this cluster were more likely to be housing co-operative members. Second, there are '*footsoldiers*' (46 per cent). These members are also quite committed and active, but are happier to contribute in a different way, via the 'support functions' of the group (such as communications and publicity). Participants in this cluster were more evenly spread between housing and retail co-operative members. Finally, there are '*marginal participants*' (35 per cent). These members are relatively uncommitted and inactive. They may perceive themselves to be marginalised (there are higher levels of employees and non-white members in this cluster). However, their participation in

the co-operative may also be more of a peripheral interest, as they are more likely to say that membership of other groups gets in the way of their participation in the co-operative. Participants in this third cluster are much less motivated, perceiving the costs to be higher and benefits lower. Worryingly, their collectivistic motivations are almost at non-participant levels, which suggests that it would not take much for them to decide to stop. Participants in this cluster were more likely to be retail co-operative members.

Clustering participants and non-participants in this way can be extremely helpful in pointing to a strategy for getting members more involved and keeping them happy. To harness their commitment, appropriate roles need to be created for campaigners and footsoldiers. They then need to be given support and recognition in these roles. Our results also show that at least half of non-participants, the marginal non-participants, may be persuaded under the right conditions to participate. However, about a third of participants, mainly in retail co-operatives, currently appear to be on the margins. This position will eventually need to be defended if member involvement is to play any more than a peripheral role in corporate governance. The 'Participation Chain' model can be used to think about all the above strategies. It can help show how to (i) create suitable roles for committed activists, (ii) keep marginal participants involved and (iii) bring at least some non-participants on board.

### **Using the participation chain to create and support member participation**

The different factors in the 'Participation Chain' all show up in our data as being important in promoting active member participation. Indeed, to have strong participation we would argue that what is needed is a strong participation chain. First, each link needs to be made as strong as possible if participation itself is to be strengthened. Of the resources we have looked at in this research, time, skills and confidence show up as being the most important for the participation of co-operative members. Action must focus on the things that can be done to limit the negative effects of individual members' lack of certain resources (such as time, health and money), and to build up other resources such as skills and confidence through such tools as community development, training and

advocacy schemes. All of the mobilisation factors we looked at also show up as being important for participation. Tasks here involve facilitating (not suppressing) discussion of the issues that are important to members in their participation; ensuring that members are able to follow their interests through things like fair trade and social activities; keeping a balance between 'task-oriented' and more 'social' opportunities; and ensuring that people get asked directly to participate, (ie that it is not left to chance by simply putting up posters, etc and expecting people to respond). Strengthening the motivations link in the chain involves appealing to people's dominant motivations in the promotion of participation, and ensuring that the participation process works with the grain, rather than against it, in relation to these factors. Meanwhile, if the dynamics link is to be strengthened, there is a need for providers to understand and communicate their own motivations. As we have said, there is also a need to make sure that members are not put off by 'dysfunctional' dynamics when they first come forward to participate, and that they feel 'listened to' if they subsequently do contribute.

Second, the participation chain metaphor is used to show that the links must be connected up effectively if participation is not to fail. In this way, the future lies in getting the right combination of the above factors, and ensuring that they are in alignment with each other. Hence, it is insufficient to say that we simply need to train people in the necessary skills unless appropriate opportunities are going to be provided to use those skills. Similarly, it is insufficient to say that we should appeal to people's 'collectivistic incentives' in participation initiatives, but then fail to engage in active recruitment. The links in the chain need to be joined together, in a co-ordinated way, if participation is to be effectively strengthened. In achieving this task, it is usually helpful to 'know the audience'. If they are serious about involving members in governance, co-operatives need to reflect the diversity of their populations and to take positive steps to draw people away from the margins of participation.

In sum, different factors working at different levels of the 'Participation Chain' have a role to play in whether or not co-operative members participate. While our main interest was at the level of incentives, we have taken a wide-angle lens to capture some of the factors at work at

other levels. From this vantage point it is clear that participation can be fragile. There are many ways in which it can falter and lose its footing. Our analysis was intended to unravel some of the complexity this entails. Moreover, using the framework provided by the 'Participation Chain' we sought to demonstrate that while the question of participation requires a combination of answers, it is a combination that can be predicted, planned for, and acted upon. In this way, the above analysis provided a springboard for the action phase of the larger research project by helping partner organisations work both individually and collectively to develop a strategy for 'creating and supporting stakeholder members'.

At a well-attended awareness-raising day held in June 2003, members from partner organisations were given a presentation and an opportunity to discuss the findings from the motivational research. Feedback from this event was very positive. By the end of the day it was widely felt that plenty of momentum had been raised for the action phase of the project. Activities and initiatives that took place in partner organisations during the action phase of the project included the following:

- A telephone recruitment survey (Tamworth Co-operative Society). Out of this the Society gained a new board member, a new volunteer with the credit union it is setting up, as well as a number of new potential active members.
- Induction training workshop for new members (Balsall Heath Housing Co-operative, 20/20 Housing Co-operative, Twin Crescents TMO and Paddock Housing Co-operative). With the aid of a professional facilitator, participants in the workshop brainstormed on the following important issues:
  - The purpose of an induction (in general terms).
  - The benefits of an induction process.
  - The problems with induction at present.
  - Ideas for improving/introducing induction processes in housing co-operatives.

As a result of the workshop a new members' Welcome Pack has been produced and shared between the housing co-operatives who took part.
- Diversity initiatives (West Midlands/Midlands Co-operative Societies): In terms of issues of widening membership and tackling

diversity it was recognised that though highly desirable to achieve, it was not going to be easy. These initiatives showed that greater diversity in membership will only arise if a concerted and coherent effort is made to carry out more outreach work, greater promotional work and the initiation of partnership working with local community and voluntary organisations including places of worship.

- Youth Project: 12 young co-operators from the UK, including young employees from the Co-operative Group and the West Midlands Co-operative Society, took part in a four day Co-operative Futures programme hosted by the British Columbia Institute for Co-operative Studies at Victoria in Canada. This kind of project feeds into wider ongoing initiatives within the co-operative movement to identify the leaders of the future.

The above activities outlined all made a significant contribution to the life of the overall project. It should be noted, however, that there was sometimes difficulty in setting activities up. Although participating co-operatives were active participants in the project, when it came to the action research, progress was slow. However, partner organisations were also careful to be realistic about what they could achieve in the short-term. They were thoughtful and intelligent about the priorities they chose to address in the action research phase, and in the above cases this helped lead to more secure outcomes.

The future value in the West Midlands of the research detailed in this article will now depend on the way that things continue to progress. Fortunately, the links between the research project and the West Midlands Social Economy Partnership (WMSEP) give good cause for optimism. WMSEP is the regional 'delivery partnership' for the West Midlands Social Enterprise Strategy. The above research makes a clear contribution to the ambitions of 'using intelligence', 'networking together', and 'championing citizenship' within this strategy, as well as many of the strategic objectives that follow on from this. Both the 'investigative' and 'action' aspects of the research should therefore provide a useful resource to inform the implementation of the strategy across the region, by situating future developments in both research and practice.

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