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Co-operative Governance

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The material in this extract is drawn from *Co-operatives: Linking practice and theory* (Adderley, in press). This extract provides an overview of the classifications of different types of co-operatives, and then contextualises co-operatives from a governance perspective more broadly. The key to understanding of any type of co-operative governance arrangement is to recognise the nature of the relationship between the member and the business of the co-operative.

Classifying Co-operatives

While there is no universally agreed taxonomy of types of co-operatives, the International Labour Organization (ILO) and International Co-operative Alliance (ICA) have made significant progress for statistical purposes at least (Bouchard et al., 2020). They classify co-operatives as being: consumer, worker, producer, and multi-stakeholder. This reflects the nature of the relationship between the member and the co-operative, particularly in relation to their engagement in the economic activity of the co-operative. But, in all cases, the member must also have ownership and democratic control of the co-operative from a governance perspective.

For instance, in a consumer co-operative, members are generally consuming (i.e. purchasing) something whether that be goods like food, or services like broadband. This category also tends to include financial services — where members are using the services of banking (e.g. savings accounts and loans); and housing co-operatives, where members are paying to live and collectively manage the property.

In a worker co-operative, members are generally working to create the economic output of the co-operative, usually as employees of the entity. That could include production of goods such as building electronic equipment or providing services such as repairing bikes for customers. The economic activity will vary. The key characteristic is that those employed by the entity own and democratic control it. This category also includes labour co-operatives, where members "sell their labour and skills to other enterprises" (Tchami, 2007, p. 30; see also Bouchard et al., 2020; Louis, 1983).

In a producer co-operative, their members are involved in supplying goods or services that the co-operative then sells, markets, or transforms in some way. Here the individuals are not employed by the co-operative directly. Examples include agriculture, where farmers may club together to sell their produce, for example grain or milk, to get a better price on the market. Farmers are producing the grain for the co-operative to sell. Other examples would include co-operatives transforming supplies into goods such as in cheese production. There are other examples including doctors' co-operatives — where the doctors provide services through the co-operative without employment. This category tends to include co-operatives owned by other enterprises, and those providing work for the self-employed (Bouchard et al., 2020).

Not all co-operatives have a single homogenous group of members (i.e. workers, producers, consumers). Co-operatives, like all other businesses, inevitably have multiple groups of *stakeholders*. Businesses generally have employees, customers, suppliers, and creditors, who can be seen as strategic stakeholders (being necessary once a business is viable) (Turnbull, 2001). Humanistic views on governance (Miner & Novkovic, 2020) and stakeholder approaches to corporate governance more generally consider it essential to consider the views of stakeholders in decision making. An example is the inclusive stakeholder approach established under the King reports in South Africa (King Committee, 2009). Multi-stakeholder co-operatives seek to do this by incorporating certain stakeholders into membership — resulting in a heterogeneous membership.

The ILO classification defines a multi-stakeholder co-operative as one in which "more than one type of member is represented in the governance structure of the cooperative" and "no type of member has a dominant vote through a majority of votes in the governance body or an exclusive veto over decisions" (Bouchard et al., 2020, p. 33). The comparative advantages of multi-stakeholder co-operatives have been explored (Sacchetti & Birchall, 2018), but the one undisputed point is that having a heterogenous membership has an impact on the governance design and structure of a co-operative. The economic activity of co-operatives, as with any other business, can be classified. In the UK, this is done through the Office for National Statistics Standard Industrial Classifications (FCA, 2024). This allows for comparison of economic activity across all types of corporate form/ownership.

The relationship between a co-operative and its members may differ depending on whether it is primary, secondary, tertiary, or hybrid (ICA, 2015). Primary co-operatives are generally co-operatives that operate their enterprise for the benefit of their members who are usually natural persons, or businesses which are not in themselves co-operatives. Secondary co-operatives are generally seen to be a co-operative of co-operatives. In other words, a co-operative whose membership is made up of primary co-operatives. For example, several housing co-operatives may partner and create a secondary co-operative that they own and control, to provide shared services for them.

Tertiary, or hybrid, co-operatives will generally be either co-operatives of secondary co-operatives, or quite often a co-operative whose membership includes both primary and secondary co-operatives. For example, Co-operatives UK has both individual primary co-operatives in its membership, alongside sector specific federal bodies. Some co-operatives may have a class of primary membership, and a class of secondary membership. The Co-operative Group Limited is an example of this. Reflecting that it started life as the Co-operative Wholesale Society, providing services to other co-operatives, but then branched out into direct retailing to individuals, it has two classes of member: i) individual members (i.e. natural persons shopping with it), where members have one vote each; and ii) other societies, where members have votes calculated based on an equitable formula. These two classes of members are then equitably balanced in terms of voting rights.

These distinctions matter because they may have a material impact on the internal governance arrangements of a co-operative. If one is to look through the value of equity and whether voting arrangements are equitable, in a multi-stakeholder co-operative with 10 employees and 1,000 customers, one-member-one-vote would present a challenge as employees would always be out-voted. Similarly, in a secondary co-operative, one primary co-operative may be small with only 10 members, another may be large with 1 million members. Allocating one vote to each organisation may create inequitable outcomes. This is recognised in the ICA statement in Principle 2: “In primary co-operatives members have equal voting rights (one, member one vote) and co-operatives at other levels are also organised in a democratic manner” (ICA, 2015, p. 15).

You will see other classifications of co-operative, including housing co-operatives, agricultural co-operatives, and financial co-operatives. These types of categorisations are effectively shorthand for a summary of the characteristics of those types of entity reflecting a mix of economic activity, ownership, and governance. Some of this is internally driven (i.e. by the co-operatives themselves), and in other instances it may reflect external factors such as classification in tax law or legislation more generally. These are best seen as sub-categories of the consumer, worker, producer, and member relationship (Atherton et al., 2012). For example, a housing co-operative is a type of consumer co-operative in which it will generally be the case that all members live within property provided by the co-operative.

Governance

Governance is a broad term that can be taken to mean different things. Corporate governance is important for all types of organisations, including charities, governments, publicly listed companies, and co-operatives. Aspects of corporate governance will generally include how decisions are made, who makes them, where they are made (e.g. boards or general meetings), managing of risk, financial oversight, systems of control, strategy, and remuneration. The purpose of an organisation is also of critical importance. Co-operatives have a different purpose to investor-owned firms. Co-operatives exist to meet the economic, social, and cultural needs and aspirations of their members. When looking at governance from a co-operative perspective, it is helpful to consider structures, processes, and dynamics (Novkovic et al., 2023).

There is no universally accepted definition of co-operative governance. Ammirato defines co-operative governance as:

> Co-operative governance comprises rules, policies, processes, democratic practices, and management oversight, through which cooperatives achieve their stated purpose and a level of competitiveness to the satisfaction of their members. Co-operatives achieve their purpose whilst being an active member of the co-operative movement; by safeguarding the interests of current and future generations; in full compliance with the law and cooperative principles; by actively supporting local communities to overcome their economic and social needs; and by operating anywhere in the world without harming people, society, and the environment. (Ammirato, 2024, p. 263)

Within many co-operatives, you have:

- Members, who own the co-operative and have ultimate democratic control. Ownership and votes will usually be shared equally.
- A board, elected by the membership.
- Management, appointed by the board.

While this is the dominant arrangement, this will vary from one type of co-operative to another. The type of co-operative will have an impact on its structure: worker, producer, consumer, or multi-stakeholder (Novkovic et al., 2023). Within those categorisations, the level of co-operative (primary, secondary, or tertiary/hybrid) may also have an impact on its governance.

In providing generalised descriptions of co-operative governance, it is important to keep in mind that the associative characteristics of a particular co-operative may have an impact. Variables include: the purpose for which members are associating together (and the nature of the business they are involved in); the size and nature of the membership; and the differential levels of information, money, or needs between members. External factors such as legislation and regulation will also have an impact.

The constitution of an organisation is of fundamental importance to its governance (Tricker, 2015). It takes the form of a memorandum and articles of association in a company; and in a cooperative society as their rules. The constitution of a co-operative would usually cover:

- Objects: what it exists to do.
- Membership: who can join, how they join, and how membership is ended.
- Decision making: the composition and role of a board, rights of members in general meeting, voting rights etc.
- Share capital: for entities limited by share — including how many shares can be owned and any rights attached to them.
- End of life provisions: including setting out what happens in the case of a solvent dissolution e.g. do funds go to another organisation, members, or something else.

The constitutions may be short, at only a few pages long, or run into hundreds of pages depending on the complexity of the governance arrangements, level of detail provided, and quality of the drafting.

As with some other types of organisations, there will usually be (i) members (shareholders), who elect and hold to account (ii) a board of directors who take strategic decisions and oversee the running of the organisation through (iii) managers they appoint and hold to account. Managers will generally have delegated responsibility for recruitment of staff to sit below them, and for operational delivery. In most businesses, the operation of this model will vary based on the size, scale, and complexity of the business. External regulatory requirements may also inform the governance design.

For co-operatives, the nature of the relationship between members and the co-operative will also have an impact. For example, in smaller housing co-operatives, you may see the members/board/managers being one and the same. In worker co-operatives, you may see managers elected by members rather than appointed by the board. These differences are often reflected in governance codes.

Governance Codes

Governance codes have been a feature of corporate governance since the Cadbury Report in 1992 (Tricker, 2015). They set out features or best practice of good governance. They started predominantly in the UK, before other countries followed. The nature of governance codes varies. In some countries, particularly the United States of America, a rules-based approach is adapted (see for instance the Sarbanes-Oxley Act 2002) — providing prescriptive rules where a failure to follow can result in a fine or other action. In most other countries, a principles-based approach is adopted for governance codes. These codes tend to be voluntary. They operate in different ways (Dillon Kibirige, 2021):

- Comply or explain: a firm will comply with principles and provisions or explain why it is not doing so. This is seen in the UK Corporate Governance Code (Financial Reporting Council, 2024).
- Apply or explain: a firm will set out how they have applied aspects of the code or explain why they have not. This was a feature first seen in the South Africa King III code to avoid a tick-box approach (King Committee, 2009).
- Apply *and* explain: a firm will apply the code and explain how they have done so. This first materialised in the South African King IV code (King Committee, 2016) and is used in the UK Wates Corporate Governance Principles for Large Private Companies (Financial Reporting Council, 2023).

Practically, even where there are principle-based approaches, there will be legislative requirements mandating certain features (especially around shareholder rights), which mean there is a mix of legal rules and voluntary codes.

Arguments for specific governance codes for co-operatives are well made in order to have codes that best reflect and support characteristics of a co-operative (Cossey et al., 2023). The usefulness of having a governance code reflecting the characteristics of the organisations using it can be seen through the existence of the Charity Governance Code (2020). This code focuses on:

- Organisational purpose
- Leadership
- Integrity
- Decision making, risk, and control
- Board effectiveness
- Equality, diversity, and inclusion
- Openness and accountability

Within the UK, Co-operatives UK lead the way in setting out governance codes specific for co-operatives. The co-operative corporate governance code (Co-operatives UK, 2019) focuses on:

- Member voice, participation, and engagement
- Co-operative leadership, and purpose
- Roles and responsibilities
- Board composition, succession, and evaluation
- Risk, financial management, and internal controls
- Remuneration of the board and executive leadership

In the foreword to the code, Nick Money explains that “in drafting this code we considered the UK Corporate Governance Code and the Wates Corporate Governance Principles — and applied those elements that apply to most organisations, while also ensuring that the code acknowledges the co-operative difference” (Co-operatives UK, 2019, p. 2). While previous codes were specific to different types of co-operatives (e.g. consumer, agricultural, worker, etc.), the 2019 code covers all types of co-operative.

Codes for specific types of co-operatives are still in operation. The rationale for, and development of, a worker co-operative code of governance in the UK is well set out (Cannell, 2008). Workers.coop published a revised version of the worker cooperative code in 2023. This third edition was framed through the ICA Principles (workers.coop, 2023). The Confederation of Co-operative Housing produce a voluntary ‘comply or explain’ based governance code for community led housing, which can include housing co-operatives (Bliss & Lambert, 2021). In other sectors, such as mutual insurance, the Association of Financial Mutuals (AFM) produce a code for their members. Since 2019, the code is a standalone code (earlier codes were annotated versions of the UK Corporate Governance Code) (AFM, 2019). Questions of strategic governance in credit unions have been well explored (Jones et al., 2017) and codes of good governance have been in place there too (Canham, 2008).

There are examples of co-operative governance codes outside of the UK including:

Australia:	The Business Council of Co-operatives and Mutuals (BCCM) publishes the Co-operative and mutual enterprise (CME) governance principles (BCCM, 2020). This is a voluntary code based on the comply or explain approach (or, as it is known in Australia, the 'if not, why not' approach).
Netherlands:	The Dutch Council for Cooperatives (NCR, 2019) publishes a voluntary code for co-operatives, and is an example of a code in a country where firms are required to operate a two-tier board structure (board and supervisory board).
Sweden:	Svensk Kooperation (2019) publish a voluntary code for co-operatives, on a 'comply and explain' basis. It is primarily aimed at their 'major' co-operatives, with large number of members, but can apply in spirit to the smaller co-operatives too.

Governance codes can be a useful way to help translate governance theory into practice.

Governance Theory

The main theories of corporate governance as they relate to co-operatives have been well analysed (Cornforth, 2004; Michaud & Audebrand, 2022; Novkovic et al., 2022; Spear, 2004b). This section focuses more on the relationship between theory and practice. Unlike companies listed on a stock exchange, co-operatives are less likely to be subject to pressures that may otherwise drive performance. These include:

- Threat of takeover/market for corporate control (Spear, 2004b) whether by management buyout or merger and acquisition from an external competitor.
- Market discipline, in the sense of listed shares readily traded on an exchange.
- Legally mandated compliance/reporting on governance codes.

The role of members in a co-operative, and how actively they fulfil it, is therefore especially important (Birchall, 2017; Spear, 2004b). It is possible to overstate the differences between co-operatives and other investor-owned businesses (Groeneveld & Llewellyn, 2012). Like companies, co-operatives are largely still operating in a competitive market with the pressure on performance that brings. Equally, smaller private companies owned by one individual, or a family for instance, face a similar lack of external pressure, and do not have the countervailing role of a distinct membership to provide scrutiny either.

Members have multiple roles (Billiet et al., 2023; van Dijk et al., 2019):

- Owners of the co-operative — in being its shareholders.
- Democratic controllers (ultimately) of the co-operative — through their membership and voting rights.
- Users — through either consumption, supply, or their work.
- Beneficiaries of the co-operative — benefitting from use based on their relationship with it either as customers (consumer co-operative); employees (worker co-operative); or suppliers (producer co-operative).

Member roles have been referred to as user-owner, user-controller and user-benefit roles (Mooney & Gray, 2022; van Dijk et al., 2019). Others articulate that members have four roles: patron, investor, owner, and member of a community of purpose (Mazzarol et al., 2014). There is therefore an at least dual nature members have, which is a key feature of co-operative identity. In other types of business, like employee-owned businesses, the ownership and user-beneficiary roles may be present, but the democratic control role may not (as the employees may not have formal voting rights or governance roles). It is therefore important to consider the democratic control, and ownership, as distinct. Arguments suggesting the governance roles in co-operatives increase costs have been countered with arguments that they increase resilience in a downturn (Billiet et al., 2023).

At an organisational level, co-operatives have more than one purpose. This dual purpose is generally seen as being economic (enterprise) and social (association of people). There are potentially contrasting views on the dual purpose of co-operatives as both an enterprise, and an association of persons. Novkovic et al. (2022) set out in detail how this dual role is inherent in the DNA of co-operatives. The economic and social dimensions are therefore intrinsically integrated in a way that would suggest viewing them as two separately pursuable goals was never the intention. Byrne (2022) outlines how a relational theoretical perspective can help facilitate this understanding. All commentators are however consistent in emphasising the importance of self-help as a characteristic of co-operatives.

Co-operative governance cannot be a one-size fits all approach. There is recognition that the governance of co-operatives will vary depending on the nature of the relationship between members and the co-operative — whether they are producers, workers, consumers, or a combination of those (Birchall, 2016; Novkovic et al., 2023). Theories of co-operative governance focus on the importance of serving the needs of their members (Birchall, 2011). Three key building blocks of co-operative governance have been summarised as humanism (a people-centred approach), joint (distributed) ownership and control, and democracy (self-governance) (Novkovic & Miner, 2015). The building blocks of co-operative governance *systems* have been described as structures, processes, and dynamics (Novkovic et al., 2023). Structures include ownership and control, governance bodies, and formal rules and policies. Processes include democracy and participation, channels of communication, monitoring, and control. Finally, dynamics are the external forces and changes induced internally. The various component parts impacting co-operative governance are synthesised as follows (Novkovic et al., 2023):

- Membership — the type of co-operative (e.g. worker, producer, consumer, multi-stakeholder), and whether it is primary, secondary, or tertiary.
- Context — the purpose of the co-operative, who its stakeholders (which may be broader than membership) are, its size, and where in its lifecycle it is.
- Governance systems — being the structures, processes, and dynamics.

Different theories of co-operative governance have been articulated (see Birchall, 2011; Jamaluddin et al., 2023). These include:

- Co-operative stewardship.
- Humanistic governance — taking a people-centred approach.
- Three slices of cake — aimed particularly at larger co-operatives, this focused on the balance between member voice, representation, expertise (Birchall, 2017).
- Governance wheel.
- Quadrilateral.

This extract focuses on debates about the ‘three slices of cake’ approach (Birchall, 2017).

Often the core issue in co-operative governance is the respective rights and roles of members, the board, and management. Birchall (2017) suggests a need to balance within any co-operative governance system the underpinning principles (or three ‘slices of the cake’) of member voice, representation, and expertise. This tends to come to the fore when looking at the composition of a board of directors, especially in terms of how many are there because of their professional expertise, and how many are there in a representative role because members have chosen them. To a lesser extent, this will also play out in deciding the balance of power between members in a general meeting, and the board.

Leading academics in this field tend to agree that there is a need for a mix of professional knowledge, representation, and member voice (Birchall, 2017; Eckart, 2009; Novkovic et al., 2023). While co-operatives do not generally have executive management on their board, some do (Myners, 2014). Davis (2001) sees the decision as to whether to have executives on the board as a matter of individual circumstance, rather than a point of principle.

The nature of the relationship between management and the board is also important. Davis noted in 2001 that most co-operatives operated a civil-servant style relationship, and instead called for a shift toward more culture-led governance with co-operative managers leading membership. That said, he argues that directors are still accountable to members democratically. Speaking 20 years later, Wilson (2021) argues that management can and should advise the board on how to do its job, as well as helping them in board succession by nudging the right people to stand to the board. The role of management — both as part of, and outside of, the board itself can help address the challenges in the debate between representation and expertise on boards. As to what the right balance is, and how it is achieved, varies greatly from one co-operative to another.

As well as looking at the types of people who can join a board, there are also different journeys for getting there. Co-operatives are not alone in deliberating on these challenges, which can be seen in other sectors (Spear et al., 2007). Charities, for instance, weigh up whether to have members electing trustees (board), or have structures without members other than their trustees. Looking across a range of third sector organisations, Cornforth (2020) describes these as: self-selecting (where the board appoints itself); membership associations (where members elect the board); or mixed (where members elect a proportion of the board with others nominated by stakeholders, or appointed by the board itself). Within the private sector you may see a family-owned firm weighing up whether to bring in outside investors. Or a private company considering whether to go public to raise additional capital. In both instances, ownership and control could be impacted. In the context of improving employee engagement, for listed companies, Provision 5 of the UK Corporate Governance code envisaged companies opting to have one employee representative on their board. The reality as of 2020-21 is that just 5 companies have done so (Rees & Briône, 2021).

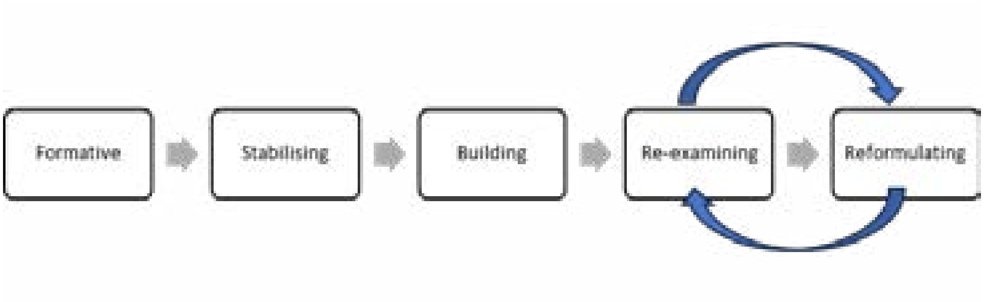
As well as the board/member dynamic, you also have the relationship between the board and management to consider. The power of a board in practice often sits on a spectrum between complete management control with the board rubber stamping decisions, to boards controlling management to the extent managers cannot effectively do their job. There are strong advocates in favour of a servant-leader model of professional managers within co-operatives (particularly consumer co-operatives) compared to what was seen as a civil-servant style manager responsible to a lay member board (Davis, 2016). Though the important caveat given is that the professional managers should have attitudes and values that are synergistic with those of the co-operative (Davis, 2001). Again, these challenges are not unique to co-operatives (Spear et al., 2007).

Co-operative Lifecycle

The operation of a co-operative is not static. MacPherson contextualises the lifecycle of a co-operative as follows (see Figure 1).

The last two phases are said to be repeated stages for co-operatives to re-examine and reformulate their vision and practices (MacPherson, 2014). Examples of strategic renewal in consumer co-operatives have recently been explored in detail (Wilson et al., 2023).

Figure 1: Co-operative life cycle (adapted from MacPherson, 2014)



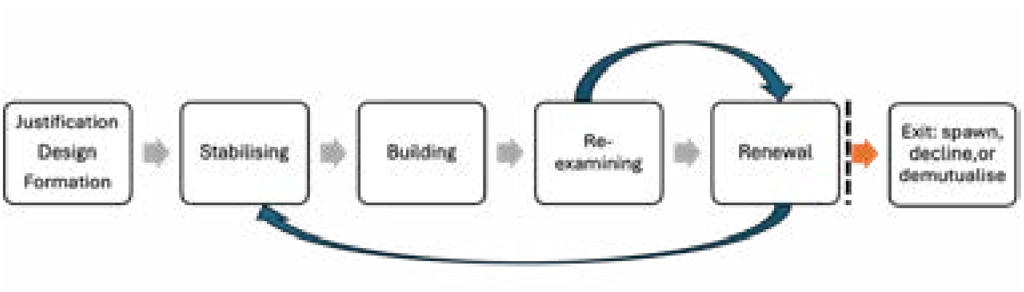
Cook (2018) has conceptualised a more detailed lifecycle model for co-operatives. This sees stages along a bell curve starting with:

- Economic justification. Note that this author suggests this could also be articulated more broadly as the existence of members economic, social, and cultural needs, that are to be met economically.
- Organisational design — including the governance features and rules of the co-operative.
- Growth-glory-heterogeneity — during which stage members and employees tinker with the operation of the co-operative to mitigate risks/solve problems in the sense of the emergence of divergent views/preferences of the goals of the co-operative.
- Recognition and introspection — usually at a time at which the health of the co-operative has declined.
- Choice — what to do next.

This last point is unpacked further, with co-operatives said to be faced with a choice between maintaining the status quo, spawning into new connected entities, exiting — which may include demutualisation, or reinvention. Byrne (2023) helpfully adapts this model focusing on regeneration rather than reinvention (see also Wilson et al., 2023).

Taking these suggestions, and amalgamating with modification, we get a revised co-operative lifecycle (see Figure 2).

Figure 2: Revised co-operative lifecycle (adapted from Byrne, 2023; MacPherson, 2014)



Where there is no renewal, or closure of the co-operative (e.g. dissolution), that can leave demutualisation, or changes to the structure of the co-operative that move it away from its co-operative identity (e.g. loss of democracy). This may happen formally and distinctly — such as a vote to convert to an investor-owned firm, or gradually/informally — through the erosion of co-operative features such as democracy. This is often articulated as degeneration.

Bretos et al. (2020) set out a lifecycle approach charting within it a change to te operation of democracy within the co-operative:

- Conquest — based on idealism and commitment, with direct member democracy.
- Economic consolidation — with growing member apathy and growing conflict between idealists and managers.
- Coexistence — with representative democracy and an increase in management power, as a first symptom of degeneration.
- Administrative power — with managers assuming total control.

This is followed by either a stage seeing the co-operative continue (regeneration), or an event ending the organisation's life as a co-operative (degeneration). Regeneration is where the issue of democratic decline is recognised and addressed, and the co-operative continues. Institutional isomorphism, or degeneration, is where the business may continue, but no longer as a co-operative. Dissolution and exit from industry is where the business (and thus the co-operative itself) no longer operates. This is not however inevitable (Bretos et al., 2020; Byrne, 2023; Cook, 2018; Cornforth, 1995).

Degeneration (Isomorphism)

Changes to co-operative governance — whether in design or execution, can distort or degenerate co-operative identity. This can lead to institutional isomorphism (Bager, 1994), with the co-operative starting to look more like something else — such as a traditional investor-owned firm. There are different causes for this (Spear, 2004a, 2021). Examples include:

- Deliberate and intentional changes to the governance structure e.g. admission of investor members.
- Unconscious mission-creep over time, failing to focus on members and instead moving solely into charitable or benevolent activity.
- Management capture — whether deliberate or unconsciously incremental, without any actual changes to governance design.

Adverse impacts to co-operative identity, from a governance perspective, could arise from changes to any of the following:

- Why: the purpose of the co-operative. Whether its goals are economic, social, and cultural, or instead simply an economic enterprise; or at the other end of the spectrum, a social or cultural organisation that ceases to carry on any business.
- Who: whether the benefit is primarily for members, investors, managers, the state, community at large, and to what extent. While this may be reflected in a change in ownership, it need not be. It may be seen through practical reality of the activity carried on by the co-operative.
- How: the way in which the benefit is to be gained. Whether this is from the participation by a member in the business of the co-operative (whether through providing their labour, purchasing goods/services, or supplying products), or a return on capital investment, or executive pay.
- By: whether the co-operative is democratically controlled by its members, or is there management capture, interference from the state, or investor-control whether through shares or contractual agreements.

A co-operative could start to look like something else, such as an investor-owned firm or other for-private-profit firm who makes money to return to shareholders/owners based on their financial stake in the entity. It could become a benevolent, charitable, or community organisation where benefit is delivered by one group of people, to another, irrespective of the beneficiaries' membership of the co-operative. Here, the value of self-help would be missing. Finally, it could become part of the State as a quasi-public entity carrying out work for, and under the control of, part of government. This could for instance see most of the board being appointed by government, or work carried out exclusively under government contracts which mandate much of the ways and means of delivery.

Conclusion

As the saying goes, when you have seen one co-operative, you have seen one co-operative. The associative characteristics of a co-operative are important context impacting its governance. Much of the world of corporate governance applies to co-operatives in the same way it applies to other businesses. There will be a need for adaptation where it impacts co-operative identity. This may be seen in the formal governance design — such as board composition and voting arrangements, or in ways of working — to better facilitate member democratic control. Co-operative governance theories seek to address this. Like all businesses, co-operatives go through a lifecycle. Degeneration is not inevitable. Increased focus on strategic renewal at the appropriate time, and member democracy throughout the lifecycle, may help co-operatives continue to function co-operatively.

The Author

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