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How to cite this article:

Doyle, J. (2021). Tackling ‘them and us’: Co-operative health and member engagement in changing times. *Journal of Co-operative Studies*, 54(1), 43-48. <https://doi.org/10.61869/SPJH9488>

# Tackling ‘Them and Us’: Co-operative Health and Member Engagement in Changing Times

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This article has been provided by the Irish Co-operative Organisation Society Limited (ICOS). As a unifying umbrella body for the co-operative movement in Ireland, ICOS provides vision, leadership, and value to its members. Those members span a wide spectrum of sectors — demonstrating how the co-operative idea has and continues to serve and solve the challenges of livelihood and life. ICOS uses its collective voice to put the needs of the co-operative movement and its member co-operatives to the forefront of what it does. To that end, ICOS draws upon the pioneering, innovative, and tenacious spirit of its founding members to help strengthen co-operatives operating in today’s ever changing and competitive world. This article aims to address a significant modern challenge to the core co-operative dynamic between co-operatives and the people who sustain and depend on them.

## Introduction

To co-operate is to act with others: to compromise, to combine, for some shared purpose. That emphasis on ‘we’ naturally requires personal compromise. The individual must in essence restrain very natural impulses, such as the singular pursuit of the lowest cost product to purchase for their business. In a co-operative, that individual chooses to consider the bigger picture. In a co-operative s/he chooses a solution where the sustainable supply of that product is weighed up and secured through working, as best s/he can, with others.

Co-operative societies, whether they provide services in a commercial or social context, face this challenge now more than ever before. As individuals we live in an age where the pressures of increased choice and diminished time are increasingly exerted upon us. Meanwhile, for organisations, the forces of economic rationalisation and government regulation intensify. What was sufficient yesterday may fall short tomorrow. How can an organisational model built upon collaboration, service and long-term thinking survive in this testing environment?

## Purpose and Design

What is a co-operative society and why does it exist? This is a useful question to periodically consider for prospective and established co-operative leaders alike. In very basic terms, a co-operative is a legal entity established by its members to achieve for them something they would not achieve acting alone.

When individuals combine to set up a co-operative, they do so in the knowledge that their enterprise will be able to take the actions necessary to contribute to meeting their needs. Irish law (rooted in the Industrial and Provident Societies Acts) supports that ability. Actions such as opening bank accounts; hiring staff; purchasing property and equipment; and — the reason for it all — providing those founding members with the services they require.

Those abilities are kept in check by certain legal safeguards: safeguards for the co-operative’s shareholders; safeguards for the public and other stakeholders. Accordingly, the co-operative must: account to its members in an annual general meeting; file financial accounts and pay taxes; and comply with whatever legal regimes apply to its services and activities (food regulations for dairy product manufacturers, health care standards for a care provider).

That legal structure, once adopted by the founding members, requires the active engagement of those people and others like them to drive the structure into something useful and sustainable. Precisely how the members do that will depend on both their needs and their willingness to accept the fundamental trade-offs of operating within a co-operative community. The key trade-off is, in essence, the demotion of short-term interests in favour of securing long term sustainable service. There are others too.

Take decision making for example. In a co-operative the key avenues of decision making are built with a focus on the requirements of the majority of service using shareholders. By contrast, in most company structures, decision making is a function of the dominant shareholder prerogative. To take another, let us consider the premium on sustaining livelihoods at the expense of reaping immediate profit. In a company, goods or services are delivered with profit and the market in mind. Company shareholders are less concerned with whether the coffee is to their taste than they are with the impact of increased coffee sales on their share value and dividends. They select directors to drive management towards that objective. In a café co-operative the provision of reasonably priced coffee for local coffee lovers and/or providing a fair price for producers of beans, milk, and sugar will be foremost in the minds of those charged with management responsibility. Whether you scrutinise it in economic or governance terms you will arrive at the same conclusion: In comparison with company shareholders, co-operative shareholders have more “skin in the game” (see Schwartz, 2013).

## **Control and Participation**

Both in economic and legal terms the co-operative is designed such that control lies in the hands of its service using members. This begs the question how is that element of member control achieved in practice?

When a group of individuals progress from first deciding that the co-operative model is suitable for them and then resolve to incorporate their co-operative, their attention will turn to practical matters. One such matter will be agreeing to the rules that will govern the co-operative and the members’ relationship with the co-operative.

At law “the rules” have the legal standing of a corporate constitution conferring on the co-operative legal status and with that status, the abilities to hire, purchase, borrow and invest as already mentioned. The rules also act as a contract or agreement between the shareholding members and will thus set down rights and conditions on trade, controls on shareholding, and channels for decision making. The rules are the keystone of member control and direction. This is as much a truism on the day members register their co-operative as it is when economic and other challenges arise, as they will, to test the co-operative and its members over its lifetime and theirs.

The law stipulates that certain governance points be addressed in the rules. These include the appointment of an auditor, procedure on members meetings, shareholding rights, and the existence of a committee of management (or board of directors). No two rule books will be the same — each group of co-operative founders will have specific needs for a variety of reasons, including sector, geographic spread of members, service infrastructure, and funding.

ICOS invests considerable energy and expertise in assisting co-operatives with the design and maintenance of the rules. It is essential, in our experience, that co-operative members (whether they are agricultural producers, community service users or creative designers) have faith in the rules as a roadmap for their engagement with (and control of) the co-operative’s purpose and operations. If, for example, the decision-making structures (typically voting rights in general meetings or the weighting of board representation) fail to address a change in membership profile or priorities, those structures should be reconsidered and reformed.

If the rules can build the road for member control (the decision-making forums of general meetings and committee representation) individual members willing to invest time and

energy are needed to put the wheels of control into motion. On this point, co-operatives of all sectoral persuasions have a continuing and necessary task to contend with. In simple terms, co-operative success (defined and measured in its distinctive way) requires members to use the co-operatives services (e.g. trade) and to engage with its decision-making structures (e.g. attending member meetings or serving on the committee or board). These vital ingredients can, in ICOS' experience, be easily overlooked in the excitement of establishing a co-operative. Equally, they can be taken for granted when a co-operative is up and running and providing a seemingly good service to its members.

At all times questions need to be asked. These might include questions on participation, such as "Is everyone in the room committed to sell all their produce through the co-operative's trade fair regardless of where that trade fair takes place?" and questions on control and representation such as "Of the thirty service users willing to sign up to membership, how many are willing to serve on the committee of management and have each of those volunteers thought seriously about the location, frequency, and management function of those meetings?"

Control and participation are both intrinsic to sustaining functional co-operative enterprise; both require constant review to survive modern realities.

## **Preparing for the Inevitable**

In the early days of the co-operative movement, pioneering advocates such as Horace Plunkett (see <https://plunkett.co.uk/our-story/>) carried out their work in a world very different to the one in which we live today. Producers of agricultural produce operated in a market environment devoid of regulation and defined by merchant capitalism. While these circumstances indicated economic despair, they offered near perfect conditions for co-operative activity (see Henry et al., 1994). Organising producers in meetings where the value, parameters and structure of a business that could facilitate livestock sales for example was, relatively speaking, equivalent to pushing against an open door.

These ordinary men and women subscribed money for shares in their co-operative. They offered themselves to serve on its committee. They gave up their time to attend members' meetings and traded exclusively through the co-operative operations — be that a mart, a creamery or a fishery.

Why did they do this? They did so primarily because it was in their interest to do so. Armed with first-hand experience of having no influence over key links in the chain of production, they appreciated that the battles of co-operation were worth the benefits that co-operation delivered to them. Seeing the bigger picture, they used the services of "the Co-op" on a weekly (if not daily) basis and attended meetings as a matter of course.

Today the world is very different. Choice is widespread and time is scarce. Irrespective of sector, the chances are that an Irish based co-operative encounters more competitive pressure today (in 2021) than it did fifty years ago (in 1971). Several events and trends, economic, social, and civic have brought us to where we are today. It is fair to say that, in many sectors, co-operative service users now encounter a multitude of competing alternatives, each clamouring for his/her business or service need. The phenomenon of privately owned online livestock sales was, in the years prior to the Covid-19 public health emergency, such an example in the context of the long-standing farmer owned market model (i.e. the co-operative mart — see <http://icos.ie/members/livestock/>; Doyle, 2019; and O'Connor's book review, this issue, pp. 57-59)

## **What is the consequence of this increase in choice and decrease in time for the co-operative model?**

The basic definition of a co-operative is informative in answering this question. The model came into being because hard pressed producers acted on the realisation that to achieve what

had eluded each of them would only come to pass through a collective effort. The rise of the co-operative dairy processing industry stands as a shining example of that originating dynamic (see ICOS — Our history — <http://icos.ie/about/history/>).

If collective action, through service participation and control engagement, is vital to co-operative success then it makes sense to change the means of collective action when co-operatives become threatened by personal time poverty and private service alternatives.

## **Recalibrating Control**

Co-operatives usually feature robust debate. Decisions affecting livelihoods always do. Those decision debates could involve a robust exchange at committee level on whether an existing product is falling out of favour or questions from the floor of the AGM for management on price or on service support. This is a healthy phenomenon.

The trouble is that it requires time of individuals who are often busy in their personal enterprises or employment. Those commitments require time and energy and so tasks such as reading up on a financial proposal ahead of a board meeting become harder to discharge. It is worth mentioning that to serve on the board of a co-operative invariably brings little (if any) financial remuneration. However, it often attracts a level of representative responsibility more diverse and nuanced than that shouldered by a company board member.

In its work, ICOS has encountered situations where the health of member control is at risk. It is our experience that these risks can be managed and overcome. In some cases, it will be generational renewal or a sentiment of not being listened to that is the issue. These are real grass roots issues. In those cases, it can be useful to launch a service user engagement campaign where the membership are encouraged to communicate their concerns through an online survey or as part of a sub-committee conducting its analysis and recommendations through an electronic platform. Those recommendations might lead to a formal change in communication methods between service users and their co-operative.

In other cases, the issue might be representation or decision taking expressed as frustration with board meeting attendance or preparation. Again, there are several ways of addressing the issue and sustaining co-operative health. In some co-operatives, the commission of a board evaluation programme has proved helpful in identifying productive solutions such as better management of the meeting agenda and secure online access to relevant data in advance of what transpire to be more efficient decision-making events.

## **Reaffirming Participation**

As noted earlier in this article, co-operative member relationship hinges on a blend of service participation and democratic control. If the board of an artists' service co-operative continues to the dismay of its shareholders to hire an old-fashioned venue for a modern art exhibition there is clearly a problem. Unearthing what exactly is behind this problem will require investigation. It could be that this manifests from a complete lack of consultation with members on event planning or it could be that the rules provide for an election system that conspires to ensure that member artists depending on modern art sale events for their livelihoods are not represented on the board. A functional co-operative (or more correctly its members) will act to mitigate the risk of that situation accelerating. They will appreciate that procedures should be put in place to ensure that a one-off mistake does not develop into division and decline. They will achieve this by examining the co-operative's service offering, the uptake of that service, and fitness of the communication and decision-making structures impacting on the service relationship. It could be that the particular artist genre is outside of the knowledge of the existing management decision makers. Perhaps it is necessary to amend the rules so that in electing representatives to the board the artist membership would be categorised in a manner that ensures at least two

of their current nine board seats are held by 'modern artists' for the purposes of this hypothetical example.

Or perhaps it is time to conduct a consultation of existing members to ascertain their interest in their co-operative as it is currently constructed and to identify whether there is an awareness deficit among members on their rights (such as the right to access professional support or more fundamentally their right to vote on how those support services are accessed). ICOS has facilitated confidential surveys for co-operatives on matters as diverse as director evaluation and member strategic preference. These are not a substitute for director upskilling and representative acumen, but they can help where there is some impediment to fluid participation.

## **Enabling Co-operation**

Any meaningful appraisal of co-operative health and relevance will, as has been outlined, involve a deep and wide assessment of how members influence decision making and how sustainable is member use of services. To complete the appraisal and have confidence in the co-operative's health, it is vital to invest equivalent time and energy into informing and educating members in the critical role they play. This is a common challenge across the co-operative community and a reason why education in co-operatives is seen as an on-going activity. No co-operative to my knowledge could, with credibility, claim perfection on this point.

This awareness deficit of members can typically be detected in an occasional service user conversation. The co-operative is described in a way that it is perceived by the member to be an entirely foreign body and one that he or she has no access to influence bar accept the service or product as is. It can also be observed in general meetings where, in voicing legitimate concerns with the way in which the co-operative is servicing a particular need close to their hearts, a group of members contend that they have no avenue to address the issue and in despair articulate that frustration through accusations of oppression or fraud.

As noted earlier, a robust exchange is a good thing where people share a combined enterprise or service. However, where member actions deteriorate into division due to misunderstanding or disregard, the co-operative (and its members) will inevitably suffer. So toxic can a breach of trust be to the economic, social, and governance fabric of a co-operative that it is advisable to address any red flags as soon as they appear. To go one step further, ICOS recommends that information and education on the co-operative-member relationship should be an ongoing priority with leadership responsibility for periodic reviews and actions.

A periodic review could involve, for instance, an annual survey of members on their co-operative experiences with the feedback generating an action in the form of a tailored annual member service bulletin. Another method of appraising member awareness and enabling their potential can be deployed through the development of a co-operative training programme for aspiring committee members. Better still — of course — would be to involve a cross section of the membership in the design of training programmes, service standards and codes of ethics for the simple reason that, in applying themselves to these practical co-operative/service user initiatives, they would learn through experience the control and participation principles underpinning their personal co-operative relationship.

## **Conclusion**

Co-operation is not easy but for those who work at it the results justify the effort. This article opened with the aim of addressing the very necessary (and admittedly painstaking) challenges of harnessing individual interest and energy into collective delivery of service solutions in testing modern times. For all co-operatives and their members an awareness of purpose is key. Why do we do what we do?

The answer to that question will precipitate others, such as questions on the relevance of the co-operatives' service in changing times and questions on the channels through which members receive those services and how exactly they can act to change them. To address those questions and make those changes, member motivation must not be taken for granted. In the modern era, individual buy-in can never be assumed and so it must be developed. Notions of perpetual culture and ethos should be dispelled in favour of systematic encouragement of individual buy-in through information, education, and other awareness techniques.

It is natural to concentrate on each issue as it arises. This is as true for the individual as it is for an organisation. Co-operatives and their members are no different in that regard. It is, however, vital to make time and space for a strategic health appraisal of the co-operative member relationship, an appraisal that starts with due regard to 'them and us' and travels forward through purpose, participation, control, and enabled potential.

## The Author

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For further information on the origins of co-operation in Ireland: See chapter 1, 'The origins of co-operation in Ireland', in Doyle, P. (2019). *Civilising rural Ireland, Manchester University Press*.

For more information on the work of the Irish Co-operative Organisation Society — visit <http://icos.ie>

See also, The Plunkett Institute for Co-operative Governance — <https://plunkettinstitute.ie>