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Bridging democratic member control and concern for community with stakeholder governance

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To foster concern for community, worker co-operatives need to complement their emphasis on democratic member control with meaningful consideration of their stakeholders' perspectives. To help them do so, we synthesise five stakeholder governance practices that can be integrated into contemporary models of co-operative governance.

Introduction

The International Co-operative Alliance's (ICA) decision in 1995 to add *concern for community* as a distinct co-operative principle was a watershed moment for co-operators seeking to contribute to the sustainable development agenda. While researchers have since operationalised this principle in myriad ways (see Osten et al., 2025), the ICA's (2015) guidance notes provide a detailed overview of the principle as envisioned. Here, co-operatives, through their democratic processes, are challenged to be attuned to and prioritise the environmental, social, and economic sustainability of the (local and global) communities in which they operate. In response, not only will these communities flourish, but the benefits could also flow back to co-operatives themselves through, for example, membership growth and increased legitimacy.

Compared to their investor-owned peers, co-operatives are often assumed to be better positioned to deliver on concern for community because their members — and ultimate decision-makers — are embedded in those communities (Cançado et al., 2014). However, co-operatives may face myriad challenges when working towards this principle, including low levels of member engagement and limited time (Launio & Sotelo, 2021). In single-class co-operatives, members may be unable, or unwilling, to adequately champion other stakeholders' interests. For example, in the case of worker co-operatives, we have seen cases of worker-members failing to internalise and act on the interest of the community they are embedded in (Piñeiro Harnecker, 2009).

How can we ensure that worker co-operatives embody concern for community? In searching for solutions, we need to bear in mind that decisions related to concern for community are intrinsically connected to worker-co-operatives' democratic member control: worker-members are responsible for navigating what can amount to tensions and conflicts between their own interests and those of their communities (ICA, 2015). As such, new ways of bringing stakeholders' concerns to bear on worker co-operatives' decision-making are needed. While some have argued for multistakeholder co-operatives as a promising way of fostering concern for community (Osten et al., 2025), for the purposes of this special issue, we need solutions that can be integrated into the governance structures of worker co-operatives as single-member class co-operatives. The growing literature on stakeholder governance offers a plethora of useful insights to spur future research and practice.

Including Stakeholders in the Governance of Worker Co-operatives

While there is variation across individual worker co-operatives, we can make some generalisations about how they structure their democratic governance and, by extension, how worker-members contribute to decision-making. Small worker co-operatives tend to be structured as direct democracies, whereby most important decisions are made collectively by worker-members at general meetings, whereas larger ones combine this direct democracy with various bodies that represent the membership (Pek, 2023b). Bijman et al. (2014) provide a helpful overview of the main bodies that comprise large co-operatives' governance. Their traditional model comprises three bodies. The *board of directors* is responsible for initiating and implementing decisions on behalf of the general assembly and managing the co-operative. The *general assembly* makes and approves major strategic decisions, ratifies reports, and elects members' representatives. The *supervisory board*, common in many jurisdictions, oversees the work of the board of directors. Finally, in the extended traditional model, co-operatives add a dedicated *management* function whose members are selected and overseen by the board of directors. Of course, these responsibilities vary somewhat in practice, and many worker co-operatives complement them with other bodies like member councils and labour unions.

Stakeholder governance is broadly concerned with investigating different means of involving stakeholders in corporate governance to better address their concerns and harness their knowledge in tackling various sustainability challenges (Dorobantu et al., 2022). While by no means the only relevant consideration, thoughtful engagement with an organisation's stakeholders is widely seen as a key ingredient for meaningfully addressing sustainability issues. Curiously, however, despite the field's long-standing interest in multistakeholder co-operative models and innovations in governance more broadly, insights on stakeholder governance have only received minimal explicit attention to date.

Encouraged by Pek's (2023a) work on stakeholder engagement in the context of the bicameral firm, we synthesise five stakeholder governance practices that would draw worker co-operatives' attention to their stakeholders' interests and, in so doing, increase concern for community. These could be directly incorporated into many worker co-operatives' existing governance structures.

The first category is adding *stakeholder representatives* to worker co-operatives' various decision-making bodies. The benefits of having stakeholders on corporate boards of directors include access to new knowledge, information, and relationships, improved communication channels, and increased legitimacy in the eyes of stakeholders (Ayuso & Argandoña, 2009). Worker co-operatives' boards of directors and supervisory board could have dedicated community, customer, and local supplier representatives in either voting or non-voting roles, and stakeholder representatives could be invited to attend and participate in the general assembly. Equal Exchange, a US-based worker co-operative, recently allocated up to three board seats for citizen-consumers interested in the organisation's business model (Mulcahy, n.d.). It is also possible to include stakeholder representatives on new or existing board committees. For example, worker co-operatives could include stakeholder representatives on dedicated board sustainability committees, which are becoming increasingly common in many corporations, tackling issues including community engagement, philanthropic donations, and environmental stewardship (Burke et al., 2019).

The second is creating dedicated *stakeholder boards*. Zeitoun and colleagues (2014) proposed an innovative corporate board structure in which the traditional board of directors is complemented by a second board, comprised of stakeholder representatives, who could either veto or offer feedback on the main board's decisions. A distinctive feature of their proposal is their suggestion to select the members of this board using a lottery in order to generate greater descriptive representation and impartiality. Similar models could be implemented with different selection methods, including Fleurbaey's (2023) suggestion to complement the bicameral firm with a dedicated board to represent other stakeholders. Worker co-operatives' adoption of dedicated stakeholder boards could be a helpful complement to existing supervisory boards, with the latter focused on monitoring the board from the perspective of worker-members, and the former doing so from the perspective of other stakeholders.

The third is using *stakeholder panels*. These are formal bodies convened to give either the board or management advice, feedback, and scrutiny on sustainability issues relevant to the firm (see Forstater et al., 2007). UK-based Camelot Group, a former lottery provider, for example, had a stakeholder panel reporting to the board of directors that focused on critically scrutinising the company's sustainability performance. Unlike stakeholder boards, stakeholder panels have less decisive decision-making influence, but their influence can be increased through mechanisms like the opportunity to make their views public. Worker co-operatives could have dedicated panels in place in order to provide feedback directly to the board and/or management, depending on the issue.

The fourth is adopting joint *management-stakeholder committees*, which, in contrast with stakeholder panels, involve both company and stakeholder representatives in addressing specific management priorities and may have more direct influence (see Spitzeck et al., 2011). These committees can be used to tackle a wide range of issues. The Oxford Bus Company, for instance, had such a body in place comprised of various directors and stakeholder representatives to appraise the company's operational performance (e.g., reliability) and help determine specific operational improvements (e.g., new routes) (Spitzeck et al., 2011). Worker co-operatives could institute these committees as needed on initiatives that would benefit from in-depth and joint management and stakeholder collaboration, such as a bike delivery co-operative collaborating with customers and local officials to help it develop policies around its on-bike advertisements.

The final category is institutionalised *deliberative communication channels* for in-depth exchange with stakeholders about sustainability issues. Drawing on Seele and Lock's (2015) typology, these channels include social media channels, blogs, and wikis that are accessible to the broader public and oriented towards generating ongoing and in-depth dialogic exchange between the co-operative and its stakeholders. For example, a worker co-operative's communications, sustainability, or stakeholder engagement teams could create a permanent weblog on the organisation's current and proposed sustainability initiatives that enables stakeholders to post in-depth comments and questions that the co-operative would, in turn, reflect on and respond to. Alternatively, they could create a dedicated wiki to enable stakeholders to generate and edit content on the co-operative's sustainability initiatives. In any case, it is important to develop conversational guidelines and clear moderation policies to encourage deliberation and avoid perceptions of manipulation. Deliberative communication channels are an important complement to the preceding categories of practices given that they allow a much broader array of stakeholders to engage thoughtfully with the co-operative. For example, insights from the exchanges on these channels could be consolidated and shared with a co-operative's stakeholder board to inform their deliberations.

Conclusion

In this think piece, we have argued that more systematic engagement with stakeholders is crucial for worker co-operatives to better embody concern for community. Research on stakeholder governance offers many practical entry points for worker co-operatives wishing to remain single-class to more meaningfully engage with their stakeholders by means of representatives, boards, panels, committees and deliberative communication channels. Future research should explore the effectiveness of these approaches in practice, and co-operatives should experiment with them to identify the best fit for their contexts, ensuring that worker co-operatives not only serve their members but also, in line with the co-operative principle *concern for community*, contribute meaningfully to the communities they are embedded in. We hope our efforts spur further scholarly work and practical experimentation on these and other possibilities.

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