

WORKER COOPERATIVE VALUES AND OWNERSHIP CULTURE

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Learning Objectives

- 1) To understand the central roles of values such as equality, solidarity, and democracy in the establishment, maintenance, and effective functioning of worker-owned cooperatives.
- 2) To examine ways in which core social values are applied and institutionalized in worker cooperatives, aiming toward a strong “ownership culture.”
- 3) To explore the practical challenges to the long-term pursuit of “the social side of enterprise.”

Text

I. The Importance of “The Social Side of Enterprise” in Business and Its Specific Relevance to Worker-Owned Cooperatives

This article focuses on what we call “the social side of enterprise,” specifically in relationship to the values and cultures of worker- or employee-owned cooperatives (two terms we use synonymously). While recognizing and confronting the realities of economic efficiency and productivity in a worker- or employee-owned cooperative, we emphasize the roles of values in relationship to cooperative type, structure, culture, and of course, policy. This means that we consider not only the types and significance of cooperative values but also how those values are realized in formal and informal practices and especially challenges to their long-term maintenance (Davis & Worthington, 1993). The question of values, of course, is fraught with ambiguity, yet it is meaningful to talk about how certain businesses take principled stances to distinguish themselves from other competitors or even other types or classes of business. This topic also strikes to the heart of organizational theory—that is, the capacity for an organization to maintain certain core value commitments over time—and at the same time deals with very practical aspects of organizational performance and productivity (Cheney, 1999, 2002). Moreover, questions of the inculcation, maintenance, and integrity of value-based commitments are central to understanding the roles of worker- or employee-owned cooperatives within the context of market globalization, on the one hand, and sustainable community economic development on the other (Azkarraga, 2010, Sarasua, 2010). Finally, there is the matter of how best to realize and sustain certain value commitments in an organization, in this case, in worker cooperatives.

II. Values in Worker-Owned Cooperatives: Core Social Commitments, Their Contexts, and Their Meanings

Worker cooperatives have been traditionally treated as “alternative organizations,” explicitly acknowledging their roles as atypical models outside the mainstream of private capitalist business institutions (see, e.g., Parker et al., in press). However, there remains considerable confusion—and debate—over worker cooperatives’ positioning in domestic and global markets, because of writings that either place them squarely within capitalist firm design or those which pose co-ops as alternatives to capitalist (Fridell, 2008). In this regard, worker cooperatives have been approached and applauded from varying political positions and social orientations, and such a convergence of perspectives has been increasingly evident since the beginning of the Great Recession in 2007 (this observation is based on conferences, correspondence, and a significant amount of anecdotal evidence). We believe that the question of “How capitalistic are worker co-ops?” has served as a distraction, however: it has been, in effect, a false conflict that has prevented many segments of citizenry, for example in the United States, from examining in a direct and relatively unbiased way the key features and records of performance for worker cooperatives (see also Webb, in press).

At the same time, there is persistent confusion about whether a worker cooperative can be a non-profit organization (see Deller et al., 2009); the answer to this question really depends on how “ownership” is defined and structured and, of course, on the tax status of the organization in any particular nation. While it is beyond the scope of this article to deal with all the specific ownership forms organizations calling themselves “worker cooperatives,” we do consider different structures and types of capitalization toward cooperative ownership in the third section below, particularly as they bear on local control or self-determination, a core cooperative value.

In addition, we note the important distinction between *economic ownership* and *participative governance*, observing that it is possible to have both, neither or just one of these features strongly represented in a firm (compare Almond, 1991; Dahl, 1985). This is a critical point on both philosophical and practical levels. Most worker cooperatives are designed with both of these dimensions of employee engagement in mind; however, for both analytical and practical purposes, the two need to be treated somewhat separately. In practice, we may find a cooperative where despite complete employee ownership there is in fact relatively little employee “investment” in decision making (Cheney, 1995). Conversely, there can be a tradition of a great deal of employee participation in decision making in the absence of a great deal of shared equity.

Today we have the benefit of consulting extensive research as well as professional reports on worker-cooperative performance on both economic and social terms. Relevant academic research falls into three broad categories in this regard: (1) statistical economic analyses of particular aspects of worker-cooperative performance (for example, Vanek, 1977; Arando et al., 2011); (2) case studies of financial and/or social performance of worker cooperatives (Schoening, 2010) (3) broad analyses of worker-cooperative successes, failures, and challenges (compare Bajo & Roelents, 2011; Williams, 2007). In

terms of the public record of professional practitioners, including managers, consultants, and other analysts, we find parallel results and therefore able to comment in at least a general way about best practices with respect to the expression and support for core value commitments in worker and other cooperatives. For example, while there is no repository of research or practical findings on effective human resource policies in worker cooperatives, there is very clear support for participative and transformational approaches to leadership and management; open and multi-faceted communication systems for all worker-owners, and ongoing education and training (e.g., Azkarraga, Udaondo & Cheney, in press).

Both the scholarly and the professional-practitioner records reinforces the interdependence of financial efficiency and cultural resilience, for example, with respect to employees' in-depth understandings of the finances of the organization and how access to that information strengthens their sense of efficacy as well as belonging—not to mention trust in management (in this regard recent research on ESOP performance is relevant: see, e.g., Kruse, Freeman & Blasi, 2011; Logue and Yates, 2005). In a way, this is a logical extension of earlier writings on the importance of trust and openness, along with participation, supportiveness, and of course high-performance goals as the hallmarks of successful organizations (see, e.g., Redding, 1972). Another example of such interdependence of the social and financial? can be seen in how strong social functioning—as seen in governing councils and other bodies—contributes to the bottom line for the organization (Sarasua, 2008).

To some degree, of course, the values espoused by worker cooperatives and necessary for their effectiveness and longevity relate to those found in other private firms and indeed other organizations on a broader scale. For example, there is now almost 70 years of research supporting participative styles of management, beginning with the socio-technical studies by the Tavistock Institute (Trist & Banforth, 1951), continuing with studies of transformational leadership whereby new leaders are cultivated (Burns, 2003), and embracing sophisticated understandings of teamwork in production as well as in decision-making models (Manz, 1992). Findings about participation deal with an array of measures or assessments, including the levels of the organization at which rights to participation are fully extended, the range of issues treated in employee participation and governance, and the capacity for influencing the direction of the organization (Bernstein, 1976).

Generally speaking, worker cooperatives tend to emphasize three “internal” values more than do most other private firms. The most common internally focused values to be found in worker cooperatives tend to parallel or echo the chief three values in the famous Mondragón cooperatives in the Basque Country, Spain, and these are: *equality/equity, social solidarity and mutual commitment, and democracy/participation* (see Whyte & Whyte, 1991). These value terms reference clusters of commitments, with each ranging from a philosophical and perhaps political commitment to specific practices. Further, the pairs of terms are distinct yet overlapping in terms of significance. These three pairs of terms relate directly to how “ownership” is structured and enacted within the organization. Each has its theoretical basis, and each can be manifested in policy. For

example, at Mondragón, equity and equality are emphasized in terms of economic ownership, the wage scale (which is also tied to notions of solidarity), and in terms of the structuring of participation in both direct (per the general assembly) and representative (per the social organs) engagement. Most cooperatives and cooperative networks stress the two dimensions of “ownership”—economic and social or organizational—in either their mission statement, by-laws, and marketing materials.

With their traditional focus on internal structure, economic and social performance, and long-term vitality, many worker cooperatives were not involved extensively in broader socio-political issues or commitments as we now see (Gunn, 2006). That is to say that until quite recently, social commitments pointing beyond the boundaries of the organization were relatively unusual. For these reason, many political and social commentators oriented toward structural and transformational changes in contemporary consumer-corporate capitalism have tended to dismiss worker cooperatives as isolated cases of shared equity and control without the capacity to be major agents of social change (Chomsky & McChesney, 1999). Today we find that values of *community and sustainability* are now being espoused to a degree far beyond lip service (Iuviene et al., 2010). And, as demonstrations of such values, worker cooperatives in many cities and regions are now participating more fully in visions and pursuits of sustainable community economic development (Azkarraga, 2010). In part, these expanded, coordinated regional efforts are based in the understanding that the maintenance of cooperative values themselves is more likely within the form of inter-cooperation where resources as well as vulnerabilities can be shared (Alperowitz, 2011). Within the United States, such efforts may now be seen in areas as diverse as San Francisco-Oakland, Cincinnati, Austin, Minneapolis-St. Paul, and Northern Arizona. The emergence of new cooperative networks has pushed cooperative models and values closer to mainstream public consciousness in the United States.

III: The Tension and Balance between Social Values and Economic Productivity and Efficiency in Worker-Owned Cooperatives and Related Types of Firms

Control is key, in both economic and social terms. Even when there is a strong emphasis on cooperative values in a particular firm, the matter of capital and specifically capitalization must be considered for its shaping effects on cooperative culture. *The structure of capitalization and equity holdings ultimately determine who is in the strongest position to establish and enact the mission of the firm.* Because some of the distinctions and associated issues in this domain apply to all cooperative structures, we will refer in this section to several models that may include worker owners but not necessarily be defined that way overall. We stress that the form of capitalization, both up front and in the longer term, may well have a shaping influence on governance structures and therefore on values professed and practiced. By extension, of course, the presence of financial supportive structures such as a cooperative bank or a credit union that helps to buffer a co-op start up from market shifts can be crucial in allowing cooperative values and culture to become established and then flourish: that is an economic buffer is also to some degree a social buffer. This was understood well, for example, in the development of a cooperative bank just three years after the establishment of the first Mondragón

industrial cooperative in 1956. In that case, needed capital came from the community and it allowed further development of existing cooperatives as well as the fostering of new cooperatives (Williams, 2007).

While we are focusing on start-up situations here, we should also keep in mind cases of transition from a more conventional ownership structure to a worker-owned cooperative. Such a transition, while more common for Employee Stock Ownership Programs (or ESOPs), also leads to the creation of some worker-owned cooperatives. The period of transition is crucial in terms of cultural and organizational transformation and must be planned and managed extremely well (Bartkus, 2009). For example, managers typically need to adapt to more facilitative styles of relating to other employees in a new culture where “teamwork” is likely to be taken more seriously than it had in the non-employee-owned firm (see the relevant case study in Cheney, 1999, 2002).

Almost all types of cooperatives face the challenge of raising adequate amount of start up capital for their business. This is in large part because of the principle that cooperatives are controlled and financed by those who use them; thus, their primary funding base is typically the whole of membership. When economic ownership means control of an enterprise, cooperatives need to consider carefully the sources and associated requirements for their equity and debt (just as does any type of organization, including a non-profit). If raising additional funds means seeking *outside* investment, this can obligate members to cede some form of decision-making authority to those who may not fully embody the organization’s mission and values. In effect, the engagement of any “absentee landlord” means some distance between an owner and the regular functions of the firm. Indeed, this was the issue recognized in the early development of cooperatives in the 18th and 19th centuries (Curl, 2009).

Member-Controlled and Financed Cooperatives

Cooperatives have found some creative ways to address these financial and organizational dilemmas. Workable solutions include flexible financial structures and, in some cases, outside investment. Still, when it comes to members having full control, it is to the cooperative’s advantage to raise most of its money through its membership. Assuming most of the funds are generated internally, members should maintain full jurisdiction, and the financial structure should support democratic governance. Nevertheless, cooperatives continuously wrestle with maintaining a profitable business while ensuring their commitments to democratic values. Both are integral parts of the cooperative, and one should not be subordinated for the other. Below are discussions of how cooperatives have created structures that allow more access to funds *without* seeking outside investors, and how even with member financed models, a cooperative will continuously need to balance financial decisions with governance.

New Generation Cooperatives (NGC): In the agricultural sector of the U.S., New Generation Cooperatives have developed in order to expand bases of capital and also to for vertical integration of steps in food production, processing and distribution. New Generation Cooperatives, which often include a variety of producers as member-owners,

are typically used for value-added processing and have three characteristics that make them different from traditional cooperatives: “a significant equity contribution by farmer members, obligation of product delivery based on equity contribution, and the ability to trade equity shares and delivery rights” (Schank & Fulton, 2000).

Because membership shares are tied to use in this case, if a member needs to process more product through the cooperative, they are required to purchase more shares. This commitment ensures that members will continue to provide equity to the business other than retained earnings and an initial buy-in fee; it also links equity proportionally to use of services such as marketing or distribution.

Although New Generation Cooperatives address some of the financial challenges listed above, members must still see the value of their co-ops extending beyond a profitable business. There is an assumption that cooperatives fail because they are not productive entities. Yet there are times when cooperatives are very successful and are still sold off to outside investors. In these cases, the maintenance of cooperatives needs to focus not only on finance but also on ensuring that members fully appreciate *the value of preserving the cooperative’s democratic structure in order to be responsive to member needs?*

Conversions to Corporations: Conversions should be studied on a case-by-case basis, but the demutualization of a cooperative can provide a hard lesson in learning the importance of balancing finance, values and culture. One example is the management of retained earnings. Retained earnings are the surplus earnings that cooperative members agree to leave in the business. Retaining too much of the profits can create an adverse effect, causing the members to give up full control and sell off the cooperative, especially if the market value of their cooperative is worth more than the book value. Members may feel they can only access the capital by selling off their shares. *The membership can become less engaged in the cooperative enterprise because they no longer see the monetary rewards that they believe are justified* (Lund, 2005). This is especially the case “when members’ investment in the cooperative as a typical business exceeds the value of their participation in it as a cooperative” (Stofferahn, 2005). The board and the cooperative leadership need to preserve a strong ownership culture where members can espouse values other than a share price, helping to ensure the firm remains a cooperative and does not revert to a traditional business model. Hence, being aware of its equity and debt structures can have immense effects on a cooperative’s culture and membership sentiments. But, no matter what kind of decisions cooperative leaders make, growth and finance cannot subordinate a cooperative’s commitment to democracy and member engagement, especially for its long-term survival as a democratic organization.

Multi-Stakeholder Cooperatives: In Multi-Stakeholder Cooperatives employees may represent one category of owners but can include other classes such as consumers and producers, allowing greater access to capital while maintaining the user controlled and user financed principle. Some in the cooperative movement see this as an important way to increase access to capital, especially when fundraising through its membership. The cooperative business can raise more money internally with the additional members, without seeking the investment from the outside.

Still, cooperative founders and developers need to consider the complexity of the cooperative's governance when including an additional class of owners. Although there is a potential financial advantage and should be a strong affinity between the stakeholders, more classes can mean divergence of interests, or even diluted interest overall. One example is the case study of Oklahoma Food Cooperative (Lund, 2010). The Oklahoma Food Cooperative is a food hub that includes both consumers and farmers. Although both have an incentive to create a viable local food system in their state, farmers may feel they have a greater investment because they are dealing with their livelihood. As one Oklahoma Food Cooperative member put it, [producers] are more likely to become "the squeaky wheel". In order to ensure that one class's interest does not consume the other's, the Oklahoma Food Cooperative decided to reserve a vice president for each class and of equal voting weight on the board of directors, hence directly addressing the potential implications of an additional class on their governance structure.

Forms and Effects of Outside Investment

Outside investment, money that is not raised through cooperative members, can have a more obvious influence on the governance structure, depending on whether or not the investors have voting status in the cooperative. Preferred shares, for example, will pay an outside investor a dividend but does grant preferred shareholders with extensive decision-making authority.

If voting power is given to outside investors, this could challenge some traditional cooperative values; the most obvious, in relation to governance, is *local control or self-determination*. A cooperative that gives control to outside investors will have a membership class that has influence and receives benefits not based on use but because of financial investment only. This could create diverging interests between the traditional cooperative members and the financial stakeholders.

Limited Cooperative Associations: Limited Cooperative Associations are a hybrid of traditional cooperatives and Limited Liability Companies, where investors are allowed seats on the board of directors, net earnings are allocated based on financial investment, and investor returns are not capped (Pittman, April 2008). Depending on the state, however, investors are allowed only a certain number of seats on the board of directors.

Limited Cooperative Associations are celebrated as a flexible option for cooperative incorporations that help increase access to capital. There are clear advantages not only to pursue outside investment but also to engage investors through voting rights. Yet cooperative members must consider the decisions on the cooperative's overall culture and decision-making structure.

Outside Investment in Cooperatives and Community Economic Development. There are times when cooperatives that function as economic development tools use outside funding in order to raise capital for cooperative start-ups. This is especially common in

cases where the projects are capital intensive (such as in high tech) and/or the co-op's membership consists of low-income individuals who have little to contribute financially. One example of outside investment is New Market Tax Credits. New Market Tax Credits allow, "individual and corporate taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in qualified community development entities", including low-income communities (IRS, May 2010).

In these cases, cooperative developers must be prepared with the additional complication of transitioning a business that was once controlled by investors, foundations and other institutions, to majority cooperative members. Although the investors involved may have control until the initial debt is paid off, there are ways developers can begin cultivating an ownership culture in the business even before the future members take full control. This is when transparency, education and participation are especially crucial recipes for ensuring that transitioning ownership from the investors to the cooperative membership is a smooth, well-prepared transaction.

IV: Participative Design and Establishment of an Ownership Culture: Key Areas of Practice

We now turn to the internal functioning of cooperatives, especially those involving employee or worker ownership to consider policies and practices designed to support values such as democracy, equality and solidarity.

Democracy must ultimately be measured by the practices that make it real. As we know from every level of society, however, access to means of participation does not ensure that it occurs let alone is vibrant (Cheney et al., 1998). *Participation* is increasingly understood in worker cooperatives as relevant on at least three levels: participation in processes of manufacturing and service—that is in the actual work; participation in decision making and even policy making in some regards—this is sometimes termed "political participation"; and participation in projects of the wider community of which the firm is part. In an important way, Pateman's (1970) classic formulation of participation which links the workplace and the society is more relevant than ever before, articulating a perspective on participation in work as being intimately tied to participation in the larger public sphere.

Perhaps the biggest mistake an organization can make in terms of employee commitment is to offer opportunities for participation that then seem to go nowhere. Decades of studies of participative systems, from quality circles to self-directed work teams, show that among the most dissatisfied employees are those who felt they gave something extra to the organization in terms of involvement beyond the regular requirements of their job only to find that their participation was either highly restricted (for example, with certain topics being taboo) or wasn't ultimately taken seriously (Stohl, 1995). This is one of the most important lessons for managers in a position to make policy about means of participation, from the work team to the organizational level.

Education and training are essential to the understanding, embrace, and application of core values such as participation, solidarity and equality (The Canadian Worker Cooperative Federation, 2001). The same is true with respect to externally or outwardly focused values such as community and sustainability—or, as established in one of the ten core principles of Mondragón, “social transformation.” At Mondragón, for example, “formation” in non-technical areas was granted a central place in the experiences of new employee-owners (or socios) from the very beginning. From a comprehensive perspective, training is multi-dimensional, including technical, financial, organizational, and communication-related dimensions. However, as is the case in many firms over time, training became almost exclusively technical at Mondragón in the 1990s (Cheney, 1999, 2002). Recently, however, there has been a strong revival of what we would call social and organizational training at Mondragón, including a multi-dimensional approach to participation, which includes linkages between internal and external forms of participation and therefore between the workplace and the larger community (Azkarraga, Cheney & Udaondo, in press). The case of Mondragón offers important lessons about the design, execution, and periodic revision of educational and training systems. Among these are:

- 1) *Information gathering*: The importance of periodic surveys of employee-owners about important concerns and their own recommendations for needed education and training;
- 2) *Collaborative design*: The importance of participation by new waves of employees in the very design of such systems and curricula; and
- 3) *Interactive delivery*: The importance of interactivity and dynamism in the format of educational and training sessions.

The research evidence shows that effective training in participative management at Mondragon offers a competitive advantage in terms of attractive excellent managers at the same time that it helps to support cooperative culture (Basterretxea & Albizu, 2010). In worker cooperatives, it is not only essential that managers know how to operate a productive and profitable firm but are also committed to democratic, participative values. If the leadership does not practice these principles, then these values fail to be implemented or sustained at other levels of the organization.

We have surveyed available research and professional reports on worker cooperative training, as well as participating in the design and delivery of training modules ourselves. We conclude that in addition to informational material on topics such as financial literacy, leadership, teamwork, decision-making, conflict resolution, and ethics, there are a number of important themes or messages to be communicated across organizational practices to ensure cooperative success:

- 1) *Shared risk and solidarity*: Make clear to worker-member-owners that they share risk as well as benefits, and that solidarity extends from comfortable to tight financial conditions.
- 2) *Ownership culture*: Focus on development of “ownership culture”: particularly the idea that employees *are* the firm in a very real sense.

- 3) *Openness and transparency*: Emphasize transparency in all business dealings where it is reasonable to do so.
- 4) *Active participation*: Stress the fact that without active participation, the democratic principles of the cooperative are not really being lived.
- 5) *Initiative and entrepreneurship*: Encourage initiative and entrepreneurship at all levels of the firm.

In order to give a tangible example of training material that captures a portion of the themes listed above, we have attached a course designed by The Ohio Employee Ownership for The Evergreen Cooperative Laundry in Cleveland, Ohio. The topic focuses on developing the worker owners' collective values. The class activity was adopted by a Popular Education exercise, with the focus that participants should make decisions during the class and the material should build upon the learners' prior experiences and knowledge bases. This particular course emphasizes points four and five by encouraging participation and initiative, empowering learners to make choices about what values to share and which are most imperative for their enterprise.

The implementation of all training programs should be coupled with members having legitimate decision-making authority at all phases of cooperative development. Course designers and presenters should come up with frameworks and parameters and a toolbox of options, while members should be involved from the beginning in co-creating the training sessions. Examples should be drawn from members' own experiences, work contexts, and communities. Through offering ideas, connecting them to course materials, and sharing with peers, the members will build the confidence necessary for meaningful involvement over the long haul. In interactive and dynamic trainings, members will also refine their communication skills; this offers the opportunity for leaders to emerge and develop so they can operate and manage a sound business while maintaining their cooperative's values.

Members best gain these necessary skills for participation through practice, both in the workplace and in the classroom. Cooperatives need to provide their members the opportunity to participate in all levels of the business; whether on the board of directors or through self designed work teams. The leadership of the cooperatives can additionally better prepare their membership with adequate training that requires workers to make choices. When members are properly equipped with the decision-making, management and leadership skills, they are able to create and facilitate a workplace that promotes democracy, solidarity and equality.

V: Conclusion: Challenges to the Maintenance, Revival, and Reinvention of Ownership Culture

There is no question that market globalization led by multinational corporations, high unemployment, instability in many industries, and the weakening of the social safety net in many parts of the world all pose challenges to the establishment and maintenance of worker cooperatives let alone strong cooperative cultures (Staber, 1993). However, the turbulence in both the public and private sectors in many industrialized countries also

afford a great opportunity to promote cooperative values and establish worker-owned and other types of cooperatives (Gijssels & Develtere, 2008). In fact, worker cooperatives are increasingly being considered and established as part of community economic development and regional strategies (Majee & Hoyt, 2011).

For cooperatives to deal effectively with market opportunities and pressures and yet buffer themselves to some extent from conditions, the following guidelines have emerged from the research and experience:

- 1) Conduct multi-faceted feasibility studies up front.
- 2) Seek a relatively broad but reasonably contained capital base.
- 3) Build on connections to local cultures, traditions, and ways of doing business.
- 4) Engage all key stakeholders engaged from the start, whether they will ultimately be owner-members or not.
- 5) Develop alliances with social entrepreneurs and small-business incubation centers.
- 6) Articulate framing/marketing in terms of community self-reliance, entrepreneurship, local business development, and neighborhood/area revitalization.
- 7) Feature a demonstration project: An early success story.
- 8) Obtain recognition and support from key local leaders and institutions.
- 9) Establish and bring together support services: financial, technical, educational/training, transportation, and marketing.
- 10) Network with other cooperatives and cooperative associations.
- 11) Conduct ongoing or at least periodic self-assessment, reevaluation, and reinvention (with broad base of participation) to ensure the cooperative effectively meets member needs.
- 12) Become a cornerstone of community and regional sustainable economic development strategy.

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<http://www.cooperationworks.coop/events-news/>

<http://www.cultivate.coop>

<http://www.cgin.coop/discussioncourse>

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Exercises for This Module

- 1) Values clarification exercise (see appendix A)

2) Organizational culture survey (to be added later, with permission)

3) Board decision-making exercise:

Allow students to brainstorm and list businesses they've worked with in the past, for example a bookstore, restaurant, etc. Then have the students briefly write about how their job would have been different if their previous employer were a worker owned cooperative, both in terms of operation and in culture and values. Next, have the students image their former employer is a cooperative. Each student should then write a paper about an imaginary board meeting at their cooperative, where the members need to make decisions about their bottom line while upholding their cooperative's mission and values. For example, perhaps the business is a bookstore and a Borders has moved into town with a larger selection, online shopping, and has a Starbucks inside. Does the cooperative bookstore decide to expand, or maybe add a deli or café? If the cooperative does not have the money up front, do they get a loan or look for outside investment? What are the options and what are the potential influences (if any) on their cooperative's culture and governance?



Appendix A: Value Clarification Exercise

Evergreen Cooperative Laundry, Cleveland, Ohio

By the Ohio Employee Ownership Center, Kent State University

March 10, 2011, used by permission of The Ohio Employee Ownership Center, Kent State University.

Trainers: Ashley Hernandez, Jay Simecek, Karen Thomas, and Olga Klepikova

<p>10 min 10/50 2:00-2:10 p.m.</p>	<p>Part One: Ask the group to list their “Evergreen Values”. Write down each participant’s values on a piece of flip chart paper. After the list is done, review it with participants and hand out Evergreen Core Principles sheet with the work of core employee group from previous brain storm.</p>
<p>10 min (5 min for each tree) 10/40 2:10-2:20 p.m.</p>	<p>Part two: Present two different (pre-made) Value Trees: The Rochdale Cooperative Value Tree and the Mondragon Cooperative Value Tree.</p> <p>Description of Value Trees:</p> <p><i>Rochdale Value Tree</i> <u>The “soil”</u> of the tree will include qualities about this particular cooperative, including the location, time and people that served as the impetus for the development of the coop. For example, it was the late 1800s, during the industrial revolution, and in England. <u>The roots</u> of the tree will include qualities/ assets the cooperative members contributed to the consumer owned business, such as the majority of the members were skilled workers like weavers and artisans. <u>The bark and branches</u> of the tree will include skills/ training that helped “strengthen and grow” the Rochdale Value True. For example, the cooperative members took time organizing town hall meetings to educate and raise capital for the business. The final portion of the tree is <u>the leaves</u>. Each leaf will have a Rochdale principle written on it.</p>

Rochdale Cooperative Principles

1. Voluntary and open membership
2. Democratic membership control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Cooperation among cooperatives
7. Concern for community

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Mondragon Value Tree:

The soil of the Mondragon Tree will include specific facts about the Mondragon case, such as the economic devastation after the Spanish Civil War, it was during the 1950s and the cooperators were in the Basque region of Spain.

The roots of the tree will include the people of Mondragons values/skills, such as catholic faith and Basque nationalism.

The bark and the branches of the Mondragon value tree will include the school Father Arizmendi (the original founder) created, even before the opening of the first cooperative.

The leaves on Mondragon Value Tree will include the Mondragon Principles.

Mondragon Cooperative Principles

1. Open Admission
2. Democratic Organization
3. The Sovereignty of Labor
4. Instrumental and Subordinate Nature of Capital
5. Participatory Management
6. Payment Solidarity
7. Inter-cooperation
8. Social Transformation
9. Universality
10. Education

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<p>30 min (10 min per part) 30/10 2:20-2:50 p.m.</p>	<p>Part Three: After the group reviews the two trees, the presenter can explain that although both are trees (or cooperatives) and have some similarities, they also have differences. The trees, for example, have very different soils. The Evergreen soil will include rust belt city, disinvestment in Cleveland, and year 2009.</p> <p>Therefore Evergreen needs to create its own value tree. The presenter then explains that the Evergreen organization (coop or non) is made up of people. Individuals are the organizations. Every individual has values, but no successful business is made up of people who do not share some of the same values and vision of the organization. If the individuals' values are not parallel with the company's values, then the company will fail. So each evergreen member is the foundation that makes up Evergreen, and each person has their own values. So ask the group to write down on orange construction paper their personal values that contributed to their ability to become a good candidate for worker ownership (maybe qualities they learned informally, such as through church, family or community), and then ask what personal values do they have that motivate them to become a worker owner. The orange construction paper will become the Evergreen Tree's roots. Paste the paper at the bottom of poster as the "roots" of the tree.</p> <p>Next the group will get light brown or beige construction paper. These pieces of paper will become the bark. The bark will include learned skills from the training and their Evergreen peers that have enhanced the growth and strengthened the tree. So ask the group what they are doing so their tree will grow? Paste the light brown construction paper on the tree.</p> <p>Finally ask the group what makes their tree fruitful? Point out it's the tree's fruits/pine cones. Likewise it is the fruits/flowers/pine cones that determine the kind of tree the group will become. Will they be an apple tree or a pine tree? Just like an organization's values determine what sort of business it will development into. Then ask the group to write their Evergreen values on a pinecone.</p>
<p>10 min. 2:50-3:00 p.m.</p>	<p>Conclusion of the session: After the group is done pasting all the roots, bark and pine cones, hang the tree on the wall. Explain that trees don't just grow and provide fruit or pinecones, but they give oxygen for an entire area. They make the earth more livable. Just as the Mondragon tree expanded into more trees (with the same fruit and values), they have made the Basque region of Spain more livable by creating more local businesses. Evergreen can do the same with the Cleveland Community.</p> <p>Ask the group: "Why values are important?" "How do values influence culture?"</p> <p>Lead the discussion on how the 6 training sessions fit together.</p>

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