Human Resourceful:

Evaluating co-operative employee relations

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Introduction

In October 1994, I was working as a senior manager at one of the big five banks, the way in which a co-worker (let's call him Ben) was let go precipitated a major decision in my life.

Employed by the bank for 31 years, Ben had been a loans officer for 12 years in the same branch. Though he was not a member of my staff, I knew him to be well meaning, sincere and customer-focused. Unfortunately, he could not adapt to the new bank culture of sell, sell, and sell, so on a Thursday evening at 5 pm he was asked to pack his office while under supervision, then escorted off the premises.

My issue was not that he should have been kept on, but rather that the bank find a way to let a loyal employee leave with dignity. The bank knew what kinds of employees it wanted and was quick to get the right people in the right jobs; unfortunately, it had little regard for the people who did not fit. I realized that, like Ben, I was one of those people who didn't fit. My choices were to stay and alter my values or leave — I did the latter.

Now jump ahead to April 2006 and the Annual General Meeting of iNova Credit Union (iNova), where the staff led small group discussions with 61 member-owners about the ways they thought this credit union, their credit union, should contribute to the community and how we could better serve them to garner their loyalty[1]. A brief history of iNova and its relationship to other organizations is found in Appendix 1.

[1] After the formal business of the credit union, the members were asked to form groups of between 6 to 8 people and comment on their opinions on the following two questions; 1. What can our credit union do to make a difference in our community? 2. What would a Financial Institution have to do to obtain your loyalty? The scope of the meaning of "community" was left to the members. Staff members acted as a resource to the tables and were asked to insure that the discussion was recorded.

The credit union and the bank have very different bottom lines, literally and figuratively, and this is driven by the organizational structure of each, which in turn should affect the way staff members are treated.

This paper will examine how consumer co-operatives can be effective and best serve both their staff and their members, how they can be as Radigan (1990) said “pro-profits and pro-people”.

To this end, the paper aims to:

- lay a foundation of human relations practices essential to all businesses
- comparison of shareholder-owned corporations to co-operatives
- provide examples of human relations best practices in three larger co-operatives
- discuss how a small consumer co-op credit union, iNova Credit Union, has and can use these best practices and other resources to improve its human relations policies and practices

Human resources versus human relations

Throughout the paper I have replaced the term “human resources” with “human relations” to better reflect the co-operative spirit. Resources, as defined in dictionary.com, are “the total means available to a company for increasing production or profit including plant, labour, and raw materials.” This lumping together of people and raw materials is, I argue, part of the problem. Making a distinction in language is the first step to making a distinction in practice.

Human relations practices essential to all businesses

Most human resource textbooks, practices and scholarly works are based on and produced for shareholder-owned companies. While co-operative human relations should be tailored to fit the co-operative model and reflect co-operative practices, there are some aspects of effective human relations management that are common to all businesses. The three essential practices I have identified in effective human relations practices start with the letter "c"—consistency, clarity and communication. Co-operative enterprises need these as a foundation on which to construct a uniquely co-operative human relations strategy.

Consistency

The mission, goals and values of the business need to be consistent at every level and in all communications, practices and reward structures. That is one of the reasons why many shareholder-owned businesses pay commissions — it aligns corporate goals of more sales, and hence more profit, with personal monetary rewards to achieve those sales.

While co-operatives, have a set of other principles that act as "touchstones for co-operative practices" (see Appendix 2), co-operatives, like any other business, need to strive for consistency. A key value for co-operatives is social responsibility, which includes "enabling others (members) to realize their full potential". Following this principle, if a credit union pays commission to its staff it is encouraging employees to serve their own interests regardless of the interests of the member — sending the mixed message that co-operative values are a nice thought but do not affect everyday business, that sales and profits are ultimately more important than individual customer interests or satisfaction. There are, however, many successful credit unions that pay commissions for insurance and credit card sales. It is difficult to see how this does not openly conflict with co-operative values. Consistency in human relations then is about sending a clear and concise message to all employees and building a bridge between the values and mission of the company and daily practices.

Clarity

In order to create a successful business, organizations also need to clarify their policies and regulations. Gómez-Mejia, Balkin & Cardy, (2001) say “the employee handbook is probably the most important source of information that the HR department can provide.” To be effective this document must cover significant aspects of the employee/employer relationship, documenting policies and providing consistency. It is important because it gives employees and supervisors a frame of reference and takes the ambiguity out of day-to-day human relations practices. For example, a company may want diversity in its workforce, but without solid written policies that incorporate it into existing practices, it becomes a vague goal that seems all but unachievable in the course of normal operations.

Communication

The final practice to establishing a solid base of human relations practices is communication. A culture of listening and dialogue uncovers employees’ motivation to work, satisfaction, attitude and ideas just to name a few, which are essential in developing a high performance team. The expectancy theory model of motivation as examined by Swind, Das & Wagar (2002) says it "is probably the most practical and powerful tool for human resource managers to demonstrate to other managers the importance of all human resource functions in creating a motivating environment." The theory states that the firmer the belief that something desirable can be achieved, the greater likelihood the effort will be undertaken. An example is "whistle blowing". In 1968 I was in my early career as a banker. Every week when the payroll cheque for Weston Crushed Stone Limited was deposited in the company's bank account, the exchange[2], approximately $8, was put on the Manager's desk. It was a small enough amount but everyone knew it was still stealing. But no one said anything, because everyone assumed that in the boys-club atmosphere of small-town banking, nothing desirable would come out of it.

Other factors that cause poor communication, clarity and consistency include poor implementation of human resource strategy, inconsistent treatment of employees, ad hoc policies being adopted to fit a particular situation, static policies that are not changed to reflect changing needs, measuring employees with criteria that do not reflect the values of the organization and not letting employees play a role in the formation of the human resources' planning.

To be truly ethical and transparent, businesses must work to support a structure where employees can reasonably expect a desirable outcome to match their best efforts.

[2] In the late sixties bank's charged an exchange to cash or deposit cheques that did not have a par crossing of a bank that was located in your town or had no par crossing. The par crossing was a sentence on the top of the cheque that more or less read "this cheque is payable at any X Bank without charge." Par crossing of a bank in your community meant no charge or you can cash it at par. Generally on small cheques the cost was 15¢ and on larger cheques it was a percentage of the dollar amount.

And, the fact that desirable outcomes can be achieved must be clearly communicated to employees.

Comparison of shareholder-owned companies to co-operatives

To be as successful as possible, both shareholder-owned and co-operative businesses need to remember consistency, clarity and communication. But co-operatives need to go a step further, tailoring and adding to these practices. Why? The answer to this question lies in the structure and motivation of co-operatives.

Co-operatives and shareholder-owned companies differ significantly in both their reasons for existence, as well as how they are capitalized. A shareholder business sells its products or services to consumers in order to make money for its owners, or shareholders, who may or may not use the company's products or services. There may be overlap between the consumers and shareholders, but this is assumed to be irrelevant. A co-operative exists to make the business' owners and consumers the same group: that overlap is complete, and the whole point.

With respect to capital, the two differ in that shareholders who have invested in a business own, as the name suggests, a share of the company. Distributed profits are then proportioned according to the number of shares held. Whereas in co-operatives, investors are given a fair interest rate on their capital, but not a stake in the ownership or profits of the business — these are distributed to members to the extent they are responsible for generating them. In a credit union, for example, a member receives a loyalty payment based on the services they have used: a rebate on interest paid for any loans or mortgages, an additional bonus on total interest received for deposits, a rebate on service charges paid and so on. The Board of Directors determines the formula, and the level of profits determines the amount, though as in most well run businesses, some of the profits are retained for growth.

It is interesting to see how employees fit into these structures because in each, employee needs must be balanced against the countervailing tensions of the business' reason for existence. In shareholder-owned business', the main reason to increase staff satisfaction is to decrease the costs of dissatisfaction (like high turnover, retraining costs, disaffection, sick days etc.) and therefore maximize shareholder profit. In a co-operative, especially a consumer co-operative like a credit union, the only limit to how well staff can be treated is the amount to which it impinges on the members best interests; which includes, but is not limited to, divisions of profit.

It is, however, unjust to paint every shareholder company as grasping and calculating and every co-operative as honourable and above reproach; instead, there is a continuum of companies, co-operative and shareholder-owned, that range from some of the worst practices I've described, to employers that balance their particular mandates and bottom lines with employee well-being, excellent customer service and a genuine interest in the environment and their communities.

Co-operatives have an advantage though, as they were explicitly designed to produce a fairer outcome for consumers, owners and employees, often by making them one and the same.

Two specific types of co-operatives — worker and consumer, exemplify different elements of this advantage.

In worker co-operatives, the members and employees are the same and therefore the balancing act between the competing needs of members and employees is largely moot: they are the same group. Consumers, in this case, represent the users of their products and services. In consumer co-operatives, like credit unions, the customers are all members, as are the employees. The later, however, represent a small portion of the membership, in the case of iNova less than ½ of 1%. In a consumer co-operative, then this translates into the need for the member to be considered front and center when implementing co-operative human relations practices. How this may be accomplished is addressed later in the paper in the discussion of iNova Credit Union's concept of "social councils".

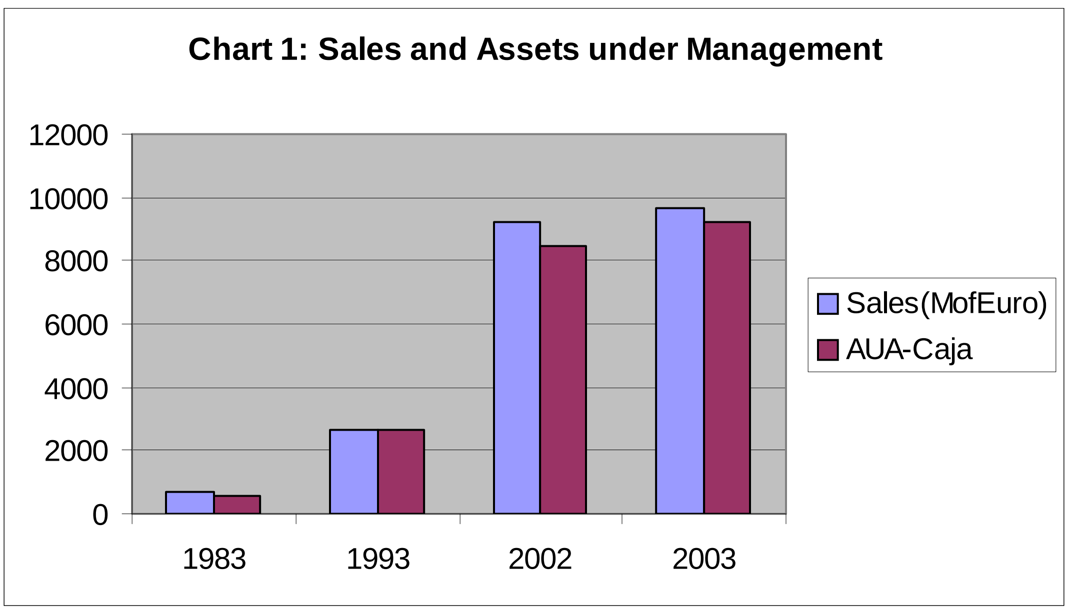
An added factor is that success in a co-operative is often measured using a triple bottom line approach with specific goals to attain a healthy financial, social and environmental organization. For the discussion on human relation strategies this is paramount because these need to be embodied in the human relations strategy. The way this is embodied in this strategy needs to be determined by the needs and desires of its members in conjunction with honouring the co-operative values and practices. This sets co-operatives apart in a substantive way.

Three co-operatives are examined for best practices

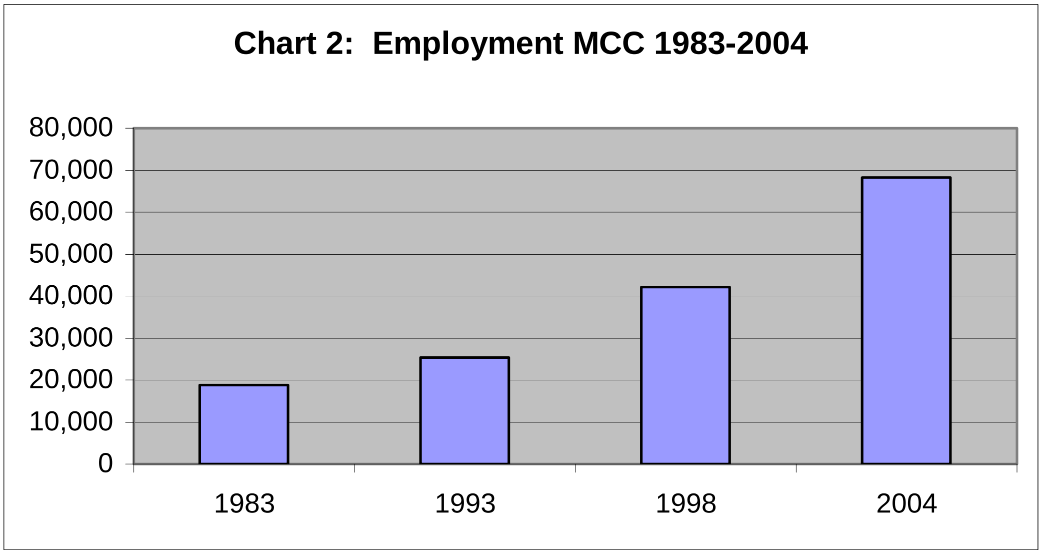
There a number of co-operatives (both worker and consumer) that provide best practices that show how a human relations strategy can be tailored and added to, to make it uniquely co-operative. The best practices highlighted below show how three co-operatives have been resourceful in designing and implementing human relations best practices that are co-operative and also provide financial stability.

1. Mondragón Corporacion Cooperativa

Mondragón Corporacion Cooperativa (MCC) located in the Basque region of Spain, is a consortium, as described in their web site of "264 companies and bodies, of which approximately half are co-operatives." MCC's mission states "to generate wealth in society by means of business development and job creation." MCC demonstrates its achievement of this goal in its financial success, as shown in Chart 1 for the period 1983 to 2003, MCC has increased sales 263% for total sales in 2003 of almost 19 billion Euros. MCC also owns Caja Laboral (Caja), a financial institution, whose assets under administration (AUA) are also included in the chart.



MCC's success in employment growth is depicted in Chart 2; employment has increased steadily since 1993 with total employees in 2004 of 68,260. MCC's secret to obtaining its goals lies in its dedication to its employees and vice versa. It includes training and education, significant employee investment in the company and worker involvement. This is underscored by clear communication about the co-operative system.



Three specific examples of what MCC does that makes it uniquely co-operative follow.

a.) To join the co-operative all employees must pay an amount equal to their annual salary. They are then trained in the MCC co-operative model, given further technical or managerial training in their field and guaranteed a job for life. (As an aside, MCC has in its consortium a training college, a university, innovation and research centers plus a worker co-operative operating specifically to teach technical skills to students.) Salaries are further tied to the profitability of the business and employees know that in a poor year, their salaries may reduce up to twenty percent. Conversely, on a good year, salaries may increase up to one hundred and ten percent of their salaries. Employees are paid a better than average interest rate on their investment and a better or equal to market rate for their respective jobs. This process is a built-in motivator that cannot help but build strong performance teams and security for the workers. This example serves to show what an employee run and operated company can achieve working together.

b) Every co-operative within the MCC structure has workplace-specific “social councils” which go beyond the grievance and salary focus of the traditional labour union models. These councils have worker-elected representatives that regularly meet with management to discuss all facets of the business, from operational issues on the production line, to workplace morale. Employees are literally invested in their work, have input into management decisions and can develop job aptitudes knowing they have long-term security. Because of this, the perils of high turnover—worker disaffection, low productivity, loss of sick days, theft and the high costs of re-training and loss of corporate memory are all risks that are mitigated. This helps to insure a fully engaged and responsive enterprise that not only has two-way communication with individual employees but also engages and encourages groups of employees to drive what is best for the organization.

c) MCC has researched a management model (Model) over the past nine years which is based on new management trends and best corporate practices that been tailored to reflect its unique co-operative value system. The model has three components: strategy, enablers and results. There is a detailed implementation plan together with periodic assessment requirements. Every employee has received training on the new system. The model incorporates the three principles discussed above – consistency, clarity and communication – but it also based on co-operative values and provides for significant training for employees.

The care with which it was developed and the method of implementation make this model truly co-operative. There was an initial edition of the Model in 1996, in 1997 small changes were made at the request of its users, in 2000 a study was carried out to assess the degree of application based on new external research and the input from its users as to its usefulness and satisfaction. In 2002, the Model was significantly updated with new management trends from within MCC plus a decision was made to continue updating the Model by "means of disseminating the Best Corporate Practices associated with the Model itself, which represent the way in which the different Business Units have develop the directives of the Model in specific areas." This management Model is clearly collaborative. The implementation plan, exemplifies collaboration, trust, leadership development and openness. One of the set-up comments in the implementation plan speaks volumes; "In general the Model proposes an ideal situation to progress towards, but which we will never achieve. We should not fall into the temptation of wanting to do everything at once." Another comment that would serve to differentiate the implementation plan as being uniquely co-operative is encapsulated in, " The aim (of the Model) is to provide guidance about how to manage companies, in the ultimate sense; that is to say, the target, what we are aiming at. This does not mean that all the aspects of the Model have to be put into practice at the same time. It is a matter of simply moving in that direction. A management model cannot establish how the different messages should be put into practice. Each company has to prioritise the areas to be consolidate and establish the specific action that will enable the Model to be applied in each case." From my experience in the bank and as a consultant I never witnessed this type of collaboration or level of confidence and trust being placed in the hands of middle to lower management. Every new initiative that was handed down in the bank in the later years, albeit it may have been developed with some input from the branches, did not have the flexibility to implement, but simply to do it quickly and do it precisely as prescribed.

Because MCC is a worker co-operative one might think that worker commitment in all worker co-operatives are a given. That is hardly the case. MCC has some clear advantages with its unwavering focus on its mission, its commitment to the co-operative principles, its size, and particularly, the vision of its leader and founder, José María Arizmendiarrieta. His leadership is still evident today; 29 years after his death. It is not surprising that MCC considers leadership key—as exemplified by the implementation of the Model, noted above. MCC is worthy of emulation by all types of businesses but, of course, they are a true sense of pride and a significant inspiration to all co-operatives.

In consumer co-operatives it can be even more challenging to incorporate commitment to workers into human relations. In the case of iNova Credit Union, located in Nova Scotia, Canada, the employees are less than ½ of 1% of the total membership, as noted above and have the same membership fees of $5.00 as the members at large. Instead of 68,260 employees it has eight. It does, however, have the support of a larger network on which to draw human relations expertise.

In order to effectively tailor the best practices of MCC it is necessary to note another difference in a worker co-operative versus a consumer co-operative. Consumer co-operative employees are not central in the co-operative values and principles. In a worker co-operative the rights of the worker, as members, are clearly outlined. For example, in a worker co-operative the principle of autonomy and independence where its members control the co-operative is clear in that it refers to its workers who are the same as its employees. In a consumer co-operative this is not the case as it refers to members and not employees specifically. The only co-operative principle that refers to employees specifically is in the fifth principle: "Co-operatives provide education and training for their members, elected representatives, managers, and employees" The direction than, as noted above, for consumer co-operatives is to clearly understand the needs and wishes of the membership and to insure that co-operative values and principles are evident in its practices.

Two co-operative based banks, one in the Netherlands and one in the United Kingdom have risen to this challenge and offer insight into how a consumer co-operative can tailor its human relations strategies to be uniquely co-operative.

2. Rabobank

Like MCC, the Rabobank, the largest financial services provider in the Dutch market, actively solicits employee input by conducting worker consultations that are "organised via the 300 Works Councils of the local Rabobanks".

3. Co-operative Bank

The Co-operative Bank (Co-op Bank) with its head office in Manchester, U.K. has 119 outlets and 4,271 employees. It is widely know for its ethical stance. Although the Co-op Bank is not owned directly by its members it is wholly owned by a co-operative and is therefore guided by the co-operative principles. This is evident by the Co-operative Financial Services Sustainability Report 2003, which was audited by an independent company. This is a comprehensive report covering every aspect of the business. For the purpose of this paper, highlights of human relations management components will be the focus. The Co-op Bank undertakes qualitative research, and although customers are extensively surveyed, it does not appear that it includes any aspect of human relations management. The employees, however, are surveyed with the results forming part of the Sustainability Report, which is easily accessible to both its customers and the general public. The questions to which employees need to provide feedback as to their degree of satisfaction are found in chart 3.

Chart 3: Survey results on employees contained in Co-operative Financial Services Sustainability Report 2003	
▪ salary packages ▪ staff turnover ▪ trades union recognition ▪ personal development and career opportunities ▪ working environment	▪ job security ▪ life/work balance ▪ communication ▪ co-operative culture and ethical conduct

The significance of these factors being measured and available to both it customers and the general public is most definitely a best practice because of its transparency and its openness. It also sends a very clear message to employees that these issues matter.

The Co-op Bank highlights both the advances in human relations and the need for improvement. For example "life/work" balance satisfaction has decreased significantly from 2003 to 2004. The decrease is noted and the action is to "launch a work/life balance and well-being policies" the report includes the names of the individuals responsible to take action. The report goes on to inform the reader that these policies will be developed with stakeholder input and go beyond the legislative requirement. One initiative that has been launched is a confidential employee counseling service, with a commitment to extensively advertise it to employees. The Co-op Bank's website describes a newly formed an employee program called "Respect Works" that "is designed to advise, guide and support employees either experiencing or witnessing inappropriate behaviour within the organization." If this policy had been in effect in the banks in which I have worked, it would have provided an outlet to address my personal dilemma concerning Ben and it would have provided an outlet to report the manager who was stealing.

Best practices for small consumer co-operatives

Even though it is a challenge for many small co-operatives to implement effective employee practices, it is the key to its success. It is incumbent on co-operatives to challenge the status quo and thoughtfully tailor existing human resource methodologies to the co-operative environment.

Firstly, though, as discussed earlier, it must insure that a solid foundation is in place incorporating consistency, clarity and communication in every aspect of the human relations strategy.

Best practices for iNova Credit Union

Based on the lessons learned from Mondragón, Rabobank, The Co-op Bank and other successful co-operatives; small co-operatives like iNova Credit Union can position themselves to be outstanding practitioners of human relations strategy. Three steps toward developing uniquely co-operative human relations practices are:

1. Set-up human relations “social councils” that report to the board and at the AGM
2. Delineate clear-cut hiring practices
3. Encourage co-operatives to share best practices

Social councils

As described above, Mondragón uses social councils. Unlike the employees of Mondragón, credit union employees are not worker-owners, nor do they have a formal say in business operations. The *Credit Union Act* of Nova Scotia does not allow a staff member to be elected to the board. Currently, the only formal information provided to the board is through management.

Implementing a “social council” modeled on the Mondragón group of companies using aspects of the Rabobank’s would be ideal. Having this council report to the board and at the AGM would broaden the scope and power of the employees and the members. Some of the proposed duties of this committee are listed in Appendix 3. This one change could precipitate many other changes practiced by Mondragón, including initiatives in training, employment guarantees and profit-tied wages. Once successfully implemented, this could cross-pollinate to other credit unions.

However, although a social council would seem to offer clear benefits, not everyone may be in favor of it at first. Currently, management has the exclusive ear of the board and may not fully appreciate the benefits in adding a human relations committee that would also report to the board. One possibility might be to lobby the Credit Union

Deposit Insurance Corporation (CUDIC) – which regulates the financial health of credit unions - to have a social council included in its “sound business practices model”. This would then be monitored by CUDIC and implemented by the Board of Directors

A human relations social council would have a significant impact on iNova because at the moment the human relations practices are only reviewed by CUDIC on a periodic basis. Their review is intended to be a spot check on what was done and not done, but not on the efficacy of the decisions themselves. With member involvement in the committee it will achieve the goal of having members represented and would make for a more transparent human relations practices. It is also an effective tool to guide managers and supervisors in doing the right thing. The overarching goal in setting up a “social council” is to be transparent in human relations practices and thereby do what is equitable for all stakeholders.

Clear-cut hiring practices

Another way to have both staff and members involved is to establish a clear cut hiring practices. One such hiring practice might be the development and implementation of hiring criteria with respect to diversity and equal opportunity. This would be achieved by clearly delineating the job posting and hiring procedures. This can be developed via an ad hoc committee with representation from members, board and staff. In addition each time an employee is hired an ad hoc hiring committee would be struck to insure all of the criteria as set out by the policy are followed.

Hiring practices might also be reviewed to ensure considerate treatment of all applicants. Although it has become common practice not to acknowledge job applicants in businesses today, iNova has made a (unwritten) commitment to respect the applicants by providing meaningful information. In a recent job search iNova acknowledged every application and provided the date for short listing together with a promise to let everyone know whether or not they were short-listed. This practices is a small example and yet serves to reinforce the co-operative value of equality. An email that was received addresses this; "I want to thank you for your courteous and professional updates on the Accountant/Project Manager position. Your thoughtfulness goes a long way in enhancing iNova's reputation. I truly appreciate it." An applicant who was not short-listed sent it.

The entire human relations area requires a comprehensive approach. As with the Co-op bank, the ultimate goal should be to work towards transparency in all human relations aspects. Ideally, a credit union's human relations practices would to be measured and reported and then verified by an independent body. The items in chart 3 serve as a guide to what can be measured. This, then, would form part of a corporate social responsibility report, the feasibility of which is currently being researched by iNova.

Measuring and sharing best practices

Best practices in human relations need to be not only monitored and measured, but also shared. In fact, co-operative should actively solicit and review best practices. Mondragón publishes its best practices. By recognizing, rewarding and disseminating an organization's most effective practices, they may be continued and replicated. A recognition system also spurs more innovation and reporting of good work. For example, at iNova we could report the details of the discussions groups we have at our AGM or our hiring practices. The other virtue of this point is its ease; it is one of the few changes that would not take a huge investment of time and money but at the same time could be a valuable repository of uniquely co-operative best practices to be shared.

Conclusion

Like all business, co-operatives need to incorporate consistency, clarity and communication into their human relations. Co-operatives need to go beyond this, however, and tailor their approach to human relations to reflect co-operative principles and values. As the examples from Mondragón, Rabobank and Co-op Bank demonstrate, it is possible to find co-operative solutions that are both pro-profit and pro-people.

Appendix 1

iNova Credit Union is a credit union independently owned by its member that has been in existence since April 1, 1936—70 years. It began by exclusively serving the needs of Postal employees. Two years ago it officially changed its mandate to serving everyone that is conveniently served and it changed it's name from Nova Scotia Postal Employees Credit Union to iNova Credit Union to reflect this. The writer is the General Manager of the credit union and reports to a Board of Directors. The Credit Union has one branch that is located in a postal facility in Halifax, Nova Scotia.

Strategic and Operational Structure

iNova is owned by its members who at an annual general meeting vote for a nine member board of directors who in conjunction with the staff and management of the credit union set the strategic direction of the credit union. iNova's mission and values are reviewed annually

Legal Structure

The Credit Union is incorporated under the provincial laws of Nova Scotia and is supervised by both the Superintendent of Credit Unions, a government office and by the Credit Union Deposit Insurance Company (CUDIC) that is a regulatory body.

Credit Union Network

In conjunction with the other credit unions in Nova Scotia it is a voting member of Credit Union Central of Nova Scotia (CUCNS) who in turn is a member of Credit Union Central of Canada (CUCC) and the World Council of Credit Unions (WOCCU).

Co-operative Network

iNova is a member of the Nova Scotia Co-operative Council an organization that serves to connect the co-operatives and Credit Unions of Nova Scotia with the communities in the province.

Via our membership in CUCNS, iNova Credit Union is a member of the International Co-operative Alliance (ICA) “ICA is an independent, non-governmental association which unites, represents and serves co-operatives worldwide. Founded in 1895, ICA has 222 member organizations for 88 countries in all sectors of the economy. Together these co-operatives represent more than 800 million individuals worldwide.” http://www.coop.org/

Appendix 2

Co-operative Values and Principles

Co-operatives emerged in response to the excesses of the industrial revolution. Co-operative pioneers developed a set of co-operative values and principles designed to shape and guide the structures and processes of co-operative businesses. These values and principles form the touchstones for co-operative practice including democratic functioning.

These values and principles have evolved over the years since they were first developed as the co-operative business alternative emerged as an alternative to the many excesses of the industrial revolution. All co-operatives and co-operators around the globe are united by their acceptance of the International Co-operative Alliance statement of values and principles. These values and Principles include:

Co-operative Values

Equality - Every person is worthwhile in his or her own right and has the right to have his or her life, dignity and abilities respected and valued equally.

Equity - Each person should be treated fairly and have access to all that is necessary to live a meaningful and productive life.

Mutual Self-help - People are interdependent and benefit from joining their individual efforts with others to achieve their aspirations and improve their lives.

Self-responsibility - Each of us is responsible for our own actions and the impact of those actions upon others and ourselves. Groups are also responsible for the impact of their actions on individuals, other groups and society in general.

Democracy – The human spirit is liberated, by democratic processes and structures, through which control is shared, and each person shares in the ability to influence decisions. Every person has the right to have a say and influence all decisions that affect their lives. Democracy is not limited to the actions of the state but extends to all decisions that have an impact on the lives of people.

Solidarity – Shared, coordinated action between individuals and groups is the best way to create a society and economy characterized by equity, equality and mutual self-help. After participating in an open democratic process to determine a position or course of action members support it. Solidarity limits our individual freedom, only to the extent required by a real respect for the dignity of others being equal to our own.

Personal Ethical Values for Co-operators

These are values that are logical extensions of the co-operative values. Without seeking to live by these values, co-operators would not be able to nurture strong co-operatives.
Honesty – Reliable honest dealings with members, customers, suppliers and the community rest on an appreciation for the dignity of people and are a key foundation of trust.

Openness – Honesty reaches full meaning only with the open disclosure of information about products and services, the way they are organized and presented and the operations and governance of the business. Openness is also the foundation of equitable access to participation.

Social Responsibility – The interdependence of people and recognition of their dignity leads to a realization that individual and group action has profound effects on individuals, groups and their relationships.
Caring for Others – Caring implies not just charity but active concern about how to act and create structures so as to enable others to realize their potential and live full and satisfying lives.

Co-operative Principles

The seven Co-operative Principles are operational guidelines as to how these values can be put into practice. They exist to help us organize how the co-operative operates and set standards by which we can assess our achievements and make decisions.

Voluntary and Open Membership
Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control — Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.

Member Economic Participation — Members contribute equitably to, and democratically control, the capital of their co-operative. Each person should have the same access to ownership. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership.

Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible;

benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Autonomy and Independence — Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Education, Training and Information — Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of co-operation.

Cooperation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Concern for Community

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

A Potential Addition

Ecological Perspective

Co-operatives recognize that the human species is but one part of an interconnected and interdependent universe and that respecting nature and life in all its expressions is not separable from respect for the dignity and value of each person.

Appendix 3

The proposed human relations committee would review and report to the board its findings and/or recommendations on the following items:

- Timing and relevance of performance reviews
- Details of and progress reports on all staff training and career plans to assess guidance provided by supervisor and to determine equitable use of training dollars. The committee can also actively solicit feedback from employees and make recommendations for ad hoc training, as example diversity training.
- Equitability of bonuses to be paid based on performance reviews
- Staff survey results
- Any staff grievances or reports of misconduct
- Claims for disability and extended sick leaves
- Compliance to the human relations policy

In addition to the foregoing this committee can identify gaps in the human relations policy. For example, there are not clear-cut hiring procedures that include process and the need for diversity and respect for the applicants.

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