

Managing People In A Co-operative Business: Evolving as You Learn

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Background

The Co-operators is a group of Canadian companies whose primary focus is providing insurance and financial products to Canadians while sustaining and improving the lives of their workers. As a co-operative, The Co-operators is owned by 32 member co-operatives from a variety of sectors, representing a combined membership of 4.5 million Canadians. Their history is rooted within the co-operative movement as they were founded by a group of farmers who experienced great adversity during the Great Depression of the 1930's. These farmers used their faith in co-operatives as a means to meeting their needs and rebuilding their lives. Today, The Co-operators is the largest, wholly Canadian-owned multi-product insurance company, providing insurance to over two million Canadians (<http://www.cooperators.ca>).

While employed with The Co-operators General Insurance Company for the past nine years within the Corporate Human Resources Department, I have seen our focus on employee relations grow into a desire to develop and provide workers with the tools and programs they need to succeed within their roles, their family units, and their communities. Over the last month, I have had the opportunity to work within a service office experiencing first hand how valuable our workers truly are to our business. I have come to an important conclusion, workers should not be regarded as another business resource, a human resource. Workers are the essence of your co-operative and without them there would be no product, no service, no co-operative. They are your human capital.

Human Capital at The Co-operators

The Co-operators takes this function very seriously and believes in providing more than adequate benefits for their workers. These benefits range from competitive salaries to

health benefits. More importantly however, is The Co-operators passion towards providing policies and guidelines to help workers manage their work life balance while developing themselves. Such policies and guidelines include flexible work hours, employee assistance programs, providing paid days off for personal time, and educational support. All these efforts have helped The Co-operators achieve the Best 50 Companies to Work for in Canada and the Top 100 Employers designations. More importantly though, employee engagement continues to be a focus with the aim of continuing to find ways to capture the hearts and minds of workers to the extent that they strive to do their best and be their best. Though employee engagement is a recent term coined by the consulting firm Hewitt and Associates, note the connection to the co-operative value of Mutual Self-help whose definition relates to benefiting from joining individual efforts towards achieving goals and improving lives.

Setting the Framework

The intent of this paper is not to talk about The Co-operators or my experiences within the world of human resources. However, as a final year student of the Masters of Management in Co-operatives and Credit Unions (MMCCU) I intend to discuss how my learnings' during this program through coursework and the Mondragon study tour has affected my views on the nature of human capital within a co-operative. The ideas presented in this paper will bear relevancy to first (specifically consumer), second and third tier co-operatives.

Evolving as you Learn

Over the last three years, the MMCCU coursework has dealt in depth with the history of co-operatives, governance, financial analysis, economic and other issues arising

out of globalization and increased competition, communication and corporate strategy as well as human resources. With each course and each new learning experience, several themes have arisen for me with regards to managing human capital within a co-operative. It is important to note that any organization can provide employee benefits, programs to promote and support human rights and meet legislative requirements regarding workers. However, as co-operatives, we are expected to and are bound by our unique structure, principles, and values, to ensure the co-operative worker relationship is not overlooked and given the appropriate attention and support it deserves and requires. In fact, “one might expect that co-operatives...would develop innovative employee relations out of a sense of social responsibility.” (Wetzel & Gallagher, 1987) There are several ways co-operatives can achieve this and I have categorized them under two main themes: recruitment and development. These themes will be explored below to provide co-operatives with more insight into managing their human capital.

RECRUITMENT

“The major employment resourcing question for the [co-operative] movement today...is where are the next generation of Cooperative Chief Executives to be found?” (Davis, 1994). As stated earlier, a co-operative’s workers are its’ lifeline. Without the correct people in place a co-operative would not be in a position to retain members, withstand the competition, or flourish as a co-operative enterprise. For these reasons, it is imperative that a co-operative attract and hire the best workers. One might argue that this is true not only for co-operatives, but for any business. However, co-operatives are not like other businesses and must look carefully at their hiring practices as opposed to trying to utilize a cookie cutter approach to recruitment.

According to Davis (2004, chap. 9) co-operatives that try to attract workers without reference to co-operative values and identity are risking inappropriate appointments. The challenge for co-operatives therefore is that they must attract and hire workers who believe in the co-operative way by ensuring their recruitment process appropriately screens for factors related to co-operative success. “If the quality of the cooperative’s recruitment is flawed then it is unlikely that the cooperative will attract people capable of the kind of personal growth, energy and motivation necessary for the cooperative to achieve the realization of its identity and its social and commercial goals.” (Davis, 2004, chap. 4) Hiring workers whose value system is aligned with the co-operative values will likely result in a more successful relationship than hiring someone who does not agree with or believe in the co-operative system.

A possible solution to this recruitment dilemma facing co-operatives is the development of a psychometric tool to assist with the screening of applicants who possess a high inclination towards co-operatives or a high Co-op –IQ, Quotient of Co-operative Intelligence (Spencer, 2004). This tool could be designed to help co-operatives seek out co-operative minded applicants by focusing on attributes such as the Personal Ethical Values for Co-operators such as honesty, openness, social responsibility and caring for others (taken from The Co-operative and its Workers Symposium call for participation document, 2006). In addition to basing the Co-op IQ on values, another dimension would be to gather insight into what characteristics contribute to the success of existing co-operative leaders who have been agreed to be successful within their co-operatives. Analyzing the work ethics, values and personal attributes of successful workers could also be used to develop the Co-op IQ. A compilation of these characteristics combined with the

Personal Ethical Values for Co-operators noted above would be instrumental to the development of this tool.

The idea of a co-operative recruitment tool is not new, Davis (2004, chap.1) briefly notes that psychometric tools should be adapted to co-operative needs and I have had conversations with MMCCU instructors (Tom Webb to be specific) as to the development of such a tool. MacLeod (1997) notes that it is difficult to find managers for community based businesses who can not only contribute to its financial well being but social and community objectives, however the creation of this type of tool can help eliminate this concern and can be used to assess the co-operative nature of current and future leaders as well as identifying gaps in co-operative training.

It is clear that the co-operative movement has already recognized that finding management and executive level workers who already have co-operative knowledge and experience is a difficult task, however Davis (2004, chap. 4) notes that recruiting from other co-operatives and adopting co-operative management development programs are two possible solutions. Let's explore this idea of development a little further.

DEVELOPMENT

According to Davis (2004, chap. 9) a real measure of a co-operative's effectiveness lies within the level of development of its human capital. Development in this context refers to co-operative education in the form of information sharing, training and involvement aimed at giving workers a sense of belonging, worth and fulfillment. A greater emphasis on education will foster a more flexible, intelligent, and wide ranging set of skills within workers (Davis, 2004, chap. 9). Workers should be exposed to and given forums to learn about co-operative history, purpose, democratic structure, collaborative decision

making, and the benefits of co-operatives as a movement; through orientation programs, International Co-operative Week activities, bulletins, and more formal content that can be included in existing in-house training programs, for example management development program.

Another important forum for co-operative learning and development is through the MMCCU program. The coursework is aligned with that of a traditional MBA program, however the content is tailored to the co-operative movement and will provide workers with a deeper understanding and appreciation of the difference between managing in an investor-owned organization and a co-operative. In addition, through experienced professors and cohorts who all work in co-operative businesses, the value gained from personal dialogue and the sharing of examples is insurmountable towards the development of workers.

A Closer Look at Worker Involvement

As previously noted, development includes involvement aimed at giving workers a sense of belonging, empowerment, worth and fulfillment. The basis of this point is the need to recognize and value your workers not just to the point of providing them with benefits and incentives but with a chance to be autonomous in their roles and to contribute beyond the boundaries of their job description. For example workers are often in a better position to suggest and implement job changes than are management, that is not to say that change should not be initiated from management, but it must be combined with hands-on involvement from workers (Schwind, Das & Wagar, 2005, chap. 11).

Other involvement includes creating working groups when undergoing major change within your co-operative that includes a mix of management and workers. This type

of forum encourages collective and collaborative decision-making among management and workers on issues that pertain to both groups. Asking your workers to be a part of the design and implementation of workplace initiatives and gathering their input aids with open communications that can be beneficial towards managing change. This type of involvement will also help develop skills in workers that can be transferred to any role within the co-operative as well as in their personal lives and within their communities, leading to overall development.

The use of social councils similar to those structured within the Mondragon Co-operative Corporation (MCC) can give workers a sense of ownership, pride and autonomy. Social councils can be as simple of a group of workers lead by worker representatives who meet to discuss workplace issues and carry forward recommendations to co-operative managers. These worker representatives can also sit on management and board meetings acting as a worker advocate and to relay information to other workers for discussion, feedback and where applicable resolution. At Fredericton Co-Op, workers elect other workers to run for board positions and workers are also involved in strategic planning through the formation of committees. There also exists a Staff Liaison Committee where workers have a say in issues pertaining to them and their roles within the co-operative (Rob Boyle, personal communication, May 29, 2006).

Another form of worker involvement relates to the work assignments provided to workers. For example, gaining additional skills through training and education is important however gaining practical knowledge through job exchanges may also equip workers with the skills needed to move within different roles within the co-operative. Implementing programs with other co-operatives whereby workers can be 'shared' between co-operatives

to help out with specialized projects is a way of acting upon the co-operative principle of Co-operation Among Co-operatives while providing workers with involvement that can further their development through varied work assignments. For example, if a co-operative is undergoing the task of producing a corporate social responsibility report for the first time and does not have the in-house expertise, instead of undertaking this task alone, why not call on the help of another co-operative that has already produced a report and can assist by loaning one of their workers to help them get started. As stated above, this type of co-operation lends itself to the nature of co-operatives and from a human capital standpoint can go a long way towards enriching the roles of workers thereby avoiding career plateauing, a “temporary flat point on the advancement continuum during the career of an individual” (Schwind et al. 1995, chap. 7).

Evolving as you Learn

My views on the importance of recruitment and development are not unique. I surveyed other MMCCU students to get their thoughts on what lessons they would like to take back to their co-operative based on managing human capital and I was not surprised that their thoughts were congruent with my themes of recruitment and development. One colleague indicated that we need to find ways to implement the co-operative element into hiring practices as well as performance evaluations. This is an interesting point to note because most performance management tools apply indicators related to performance on the job and usually incorporates a worker’s contribution to the co-operative’s strategy and business goals. However, building in indicators related to personal and community development and co-operation among co-operatives could help instill and foster a sense of co-operativism within their workers.

Another colleague noted that leaders must acknowledge that a co-operative's human resources practices can have an impact on the loyalty of workers and loyal workers will ultimately help build trust and loyalty in clients and members. Cote (2003) sums up this point eloquently by stating, “[p]eople who have successfully introduced loyalty practices tell us that customers are loyal to employees first and to the organization that employs them second.”

Finally, another colleague felt strongly about implementing a worker co-operative arrangement where workers can truly be equal partners by investing share capital, owning, and governing the co-operative, using Eroski in MCC as an example. He feels that this type of arrangement will lead a more efficient, stable and engaged workforce.

Next Steps for Co-operatives

Going forward, I encourage co-operatives to take a look at how their human capital is managed. Does your current recruitment and selection system screen for co-operative minded individuals? If not, in the absence of the Co-op IQ noted earlier, co-operatives could include interview questions that ask a candidate to discuss situations where they have had to make difficult decisions, focusing on the process they used to come to their decision. Questions related to collaboration, work ethics and their personal value system can also reveal the co-operative mindedness of candidates in the interim.

Taking a look at your current pool of workers is also important. What development programs are currently in place at your co-operative and does the content include modules related to co-operative history, purpose, democratic structure, collaborative decision making, and the benefits of co-operatives as a movement as a whole? Encourage workers at all levels within your co-operative to join the MMCCU program and bring their learnings

back to the workplace. MMCCU students have commented that the program has taught them about the importance of inter-cooperation, co-operative networking, and the need to apply the co-operative principles in decision-making. Working with MMCCU program directors to explore incorporating MMCCU curriculum into in-house training programs is another way of enhancing the development of workers.

How are workers being evaluated on the job? Do your current performance indicators only reflect financial goals or do they also take into consideration factors such as personal and community development and co-operation among co-operatives?

Implement any of the above suggestions by looking to other co-operatives who have successful programs already in place and by forming work groups within your co-operative to initiate this change. This is a perfect opportunity to start working on the development of your workers.

Closing Thoughts

Workers are the essence of your co-operative and without them there would be no product, no service, no co-operative. They are your human capital. Focus on your recruitment and development practices because your survival as a co-operative in the commercial environment of the modern world will depend on the quality of your human capital (Davis, 1995).

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