

# What Did You Say?

## Worker Participation in Cooperatives

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## **Attestation of Authorship**

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Ronny Tedestedt

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## **Ethics Approval**

This research was approved by the Auckland University of Technology Ethics Committee AUTEC on the 30th of June, 2015, Ethics approval number 15/190.

## **Abstract**

The focus of this thesis is on cooperatives and the different ways in which they operate as an organisation and how they manage their employment relationships compared to investor-owned enterprises. In particular, this thesis investigates worker participation within cooperatives, with its empirical research located within the financial sector. While cooperative banks and credit unions have been an integral part of the finance sector for over a 100 years, there has been increased interest in the model since the Global Financial Crisis and renewed interest in creative organisational structures and employee engagement. Researchers, such as Pencavel (2001), argue that these organisational structures are unique and worthy of attention as they are capable of supporting both economic and democratic goals.

In essence, cooperatives are businesses that are owned and democratically controlled by their members – the people who buy their goods or use their services – not by investors (Pencavel, 2001; Ellerman, 1990). Archetypical cooperatives are expected to follow the Cooperative Principles adopted by the International Co-operative Alliance (ICA). It is through these principles that cooperatives encourage democracy through various forms of member engagement and worker participation. There are a number of types of cooperatives. Producer-owned cooperatives are probably the most common form of cooperative and are typically found in the agricultural sector and are made up of individual producers that have come together for bargaining power. In worker-owned cooperatives the organisation is owned by the employees where they have a dual role as an employee and owner. In comparison, customer-owned cooperatives offer products or services to their members which are most likely to also be customers. To a certain extent, the employees can also be members. Lastly, and as added by Cooperative Business New Zealand, are the financial cooperatives and insurance mutuals. This relates specifically to the industry that they operate in, not the type of cooperative. They are a type of customer-owned cooperative. Specifically, the Cooperative Principles number two and three outline the requirement for democratic control and economic participation. When examining cooperatives in New Zealand's financial sector, these two principles guided the researcher to explore opportunities for worker participation.

The principles of cooperatives not only encourage member and employee democracy but also worker participation. The literature on worker participation indicates that the interests of management or employees could drive worker participation. Management-driven participation is typically focused on the bettering of the organisational performance and the increasing of profit. The literature indicated that when management drive the participation, it is unlikely employees will be invited to participate in strategic matters because employee involvement is not seen to contribute directly to economic performance.

This study is based on semi-structured interviews with key informants representing two cooperatives in the financial sector in New Zealand. The results showed there were indications of strategic input from employees despite there being management-driven forms of participation. Moreover, interest in cooperatives and worker participation by New Zealand trade unions has traditionally been spasmodic and the finding from this study indicates a similar position. In one of the cooperatives examined there was union representation, where the primary focus for the union was to focus on collective bargaining. Comparatively, in the other cooperative there was no union presence. Instead, management-driven forms of participation were seen to be adequate by management and in the interests of the employees.

Despite these cooperatives adhering to the principles, it was found that the banking regulations in New Zealand appeared to hinder the organisations' ability to fully exercise cooperative principles, in particular number two and three. The banking regulations place huge onus on the senior management of the organisation to be accountable for the governance of the organisation. This means that democratic member control and member economic participation is restricted. One interviewee explained that the New Zealand banking regulations dwindles the cooperative down to simply a marketing label.

Overall, employees of the cooperatives examined were given different avenues for participation ranging from operational to strategic matters. The interviewees suggested that participation was alive in their cooperatives but not because they were cooperatives, rather because it is good management practice.

## Introduction

Many of us wish to live in a democracy. However, it is debatable whether casting a vote in the ballot box every three or four years is enough to fulfil that desire. Many of us spend the majority of our lives working for organisations that are not democratically run (Malleon, 2014). It is argued that there is a need to explore the idea that if we are able to democratise the workplace maybe society will become more democratic also. Democracy in the workplace means an increase in worker participation.

Although there is evident that cooperatives are important actors for the democratisation of working life (Malleon, 2014) they “have not yet received the attention they deserve” (Borzaga & Galera, 2012, p. 2). Academic research on worker participation in cooperatives has primarily focused on one type of cooperative, namely worker-owned (Pencavel, 2001). However, there are other types of cooperatives as well, including producer-owned, customer-owned (Battilani & Schröter, 2012a) as well as financial cooperatives and insurance mutuals in the financial sector (Cooperative Business New Zealand, 2015b). For this reason, the researcher believes there is a need to further investigate worker participation in other types of cooperatives. It is the hope that this study goes some way in filling in the gap by exploring worker participation in customer-owned cooperatives in the financial sector.

The desire to engage in this study comes from the researcher’s upbringing and working in a Scandinavian country. In Sweden, there is a long tradition of dialogue between employees and managers. There is a Co-determination Act (Lag 1976:580 om medbestämmande i arbetslivet, MBL) that stipulates that before any major decisions are made by management, consultation with the employees or their representatives must occur. Sweden, as a member of the European Union, is also bound by the Directive on Information and Consultation with Employees which sets standards for when the employer is required to inform and consult with employees. On arrival in New Zealand, the researcher noted the lack of guidelines and legislation around worker participation that went beyond occupational health and safety compliance. It was contemplated that if cooperatives were used in this study, we could expect to find different forms of participation. Cooperatives were

chosen because they are bound by the Cooperative Principles that require democratic member involvement.

For these reasons, the researcher designed this study. The details of what makes a cooperative is first discussed. This section looks specifically at cooperatives as a business model and the principles that underpin them. The different types of cooperatives are briefly outlined in order to show how each type has different functions and features. The reason for including this section into this thesis is to better understand the workings of a cooperative, the features that differentiate them from investor-owned enterprises, and what happens when they slide away from adhering to their principles. These principles are the link to worker participation, therefore this is discussed in the next chapter.

Section two of the literature review explores in detail worker participation from a broader perspective, not specifically related to cooperatives. This section aims to cover the different elements of worker participation and to guide the researcher on what to ask when interviewing the members of the cooperatives. Forms of participation are explored in detail because it was expected that, based on the principles, the organisations researched would have many of the participation forms mentioned in the literature.

In order to bring both the cooperative and worker participation literature together, the following section, titled *Worker Participation in Cooperatives*, aims to determine what role worker participation plays in cooperatives and whether or not this organisational structure can offer insight into participation in the workplace?

To answer this question an appropriate methodology was chosen whereby the researcher interviewed key informants from two cooperatives in the finance sector in New Zealand to gain their insights into participation in their organisations. The methodology section gives justification for the methods chosen and outlines how the research questions for the interviews were formed. The researcher has added, as Appendix One, a table that matches the questions asked in the interviews with the literature that gives reasons for each question asked.

The findings from the interviews are covered in the section following the methodology. In this section, quotes from the interviewees are categorised and summarised into key themes and sub-themes. These emerging themes are used to structure the discussion and concluding section where the researcher attempts to

answer the research questions by bringing the interviewees' thoughts together with literature. It is here that the researcher offers conclusions based on the study conducted and comments briefly on directions for future research. Limitations of the study are included in the final section to conclude this body of work.

## Background:

What does it mean to live and work in a democracy? Although this is a rather ambitious inquiry, it is a question that continues to plague the researcher and therefore forms the corner stones of this study.

Democracy provides, in a general sense, an expression of freedom in two ways: accountability and self-determination. Accountability is what keeps governments responsible for their actions (Malleon, 2014). Self-determination is what enables the population to collectively decide on priorities for the future. This suggests that democracy cannot take place where a small elite has total power. Many citizens of Western societies see themselves as advocates for democracy and so chose to reside in democratically run states (Bowles & Gintis, 1986). However, according to Malleon (2014) a central part of society, namely the economy, has very little of democracy at all. Even as far back as 1932, Berle and Means (1932/1968) noted that corporations have become a dominant actor:

*“... the modern corporation may be regarded not simply as one form of social organization but potentially (if not yet actually) as the dominant institution of the modern world. ... The state seeks in some aspects to regulate the corporation, while the corporation, steadily becoming more powerful, makes every effort to avoid such regulation. Where its own interests are concerned, it even attempts to dominate the state” (Berle & Means, 1932/1968, p. 313).*

Berle and Means' (1932/1968) words are still relevant today as corporations are among the most powerful institutions in the world. This notion is supported by Malleon (2014) who adds that our “self-conception of being citizens in a democratic state is deeply ingrained in in our identity” (p. xiii). However, at the same time as we see ourselves living in a democracy, corporations are privately owned and exempt from democratic values (Malleon, 2014). Similarly, Merrett and Walzer (2004) also point to the current paradoxes within the world of work. Laissez-faire economic policymakers continue to promote free trade agreements; the Trans Pacific Partnership is a topical example (Lim, Elms & Low, 2012; Hegarty, 2015). It is argued that free trade in turn intensifies global competition, and threatens local producers, community-based enterprises as well as national



policies (Kelsey, 2010). This increased competition has had consequences both in rural and urban areas around the world, one of them being an increase of large corporations and long chains of suppliers (Merrett & Walzer, 2004). However, the paradox lies in that at the same time the advocates of free trade agreements also proclaim the importance of personal responsibility, sustainable communities, and local control (Shuman, 2000).

Typically, the governance of corporations makes the people at the top unaccountable to the people at the bottom of the organization, and neither are the people at the bottom given opportunities to elect the board of directors or the managers within the organisation. Malleson (2014) argues that this type of governance is problematic. Given that working in undemocratic organisations ultimately undercuts the freedom of people it limits the self-determination and control people have over their own lives. Malleson (2014) further states that it should be in the interest of states to promote the spread of democratic workplaces. One suggestion is that cooperatives are a way forward towards democracy in the workplace.

The relevance of democracy as it applies to workplaces is discussed by Pencavel (2001) who begins by looking at the individual as a citizen, consumer and then finally an employee. The right of citizens to elect their representatives in the political system is widely regarded as a democratic right. Some people use this right and cast their vote based on the idea of one person, one vote. In addition to casting their vote, others chose to also engage in political activities, in order to amplify their voice. Although some people try to amplify their political voice, the wishes of the electorate are seen to reflect the adult population based on the idea of one person one vote. Through the ballot box, those who are entitled to vote can have their say on public expenditure, the legal system and other issues.

The market economy is constructed differently to the political system (Pencavel, 2001). The voice of the consumers is not exercised through one person, one vote. Instead, individuals who spend a great deal have a stronger voice than those who spend little. Consider now people as employees. At first sight the role of the employee might look similar to the one of a consumer, as the employee can, to a certain extent, shop around for a job they prefer. Or if they do not like their employment, then they can 'vote with their feet' and go. However, Pencavel (2001) argues that labour markets fundamentally differ from consumer markets.

Firstly, he argues that unlike transactions of consumer goods and services labour services differ as the latter cannot be separated from the people who provide them. Secondly, the labour market is different to the consumer market as employees provide not only their time but also their effort and subordination to management. Typically, the supervisor has the authority to direct an employee to undertake a certain number of activities or tasks. Some of these activities and tasks might have been specified in a job description. However, Pencavel (2001) notes that it is difficult to specify all anticipated tasks in the workplace, which leaves plenty of discretion to immediate supervisors. Another difference between labour markets and consumer markets is that the relationship between an employer and employee takes longer time to assess and evaluate than a relationship between a buyer and seller operating within the consumer market. Further, the employer has often greater bargaining power than the employee when it comes to negotiation of an employment contract.

As both Malleson (2014) and Pencavel (2001) point out, there is a need for more democratic ways of organising working-life. One way forward is to increase cooperative principles in enterprises.

Although not against cooperatives, but slightly more critical of how most cooperatives currently operate, Mason (2015) states following:

*“... if you look at a list of the top 300 co-ops in the world, many of them are simply mutual banks that resisted corporate ownership. In most respects, they play the game of financial exploitation – though with a social conscience” (p. 276).*

According to Mason (2015) profound change is needed, namely a new order system of politics and economics that goes beyond capitalism. However, whether or not capitalism will be the dominant epoch in the future is yet uncertain.

As a potential way forward, the researcher believes there is a need to investigate existing democratic organisations of work. This is the motivation for the current study. Cooperatives, as a structure, may facilitate democracy in the workplace. Further, it is the desire of the researcher to advance the conversation around worker participation as a contributor to workplace democracy. For this

reason, it seems logical to compliment this investigation by looking also at worker participation in cooperatives.

In the next section, a more detailed examination of cooperatives and worker participation will be presented in the form of a literature review. It is the intention of the researcher to examine how worker participation can be integrated into the cooperative model to enhance the model and therefore strengthen democracy in the workplace.

# Chapter 1: Literature Review

## Cooperatives

### Introduction:

When defining a cooperative the classification from the International Co-operative Alliance (2016a) is useful. What makes a cooperative distinctive from other types of organisations is that the primary focus is on *joint ownership* and *democratic forms of control* when conducting business activities. Furthermore, it involves a group of people that have come together with common goals both in the workplace but also for their community.

*“A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” (International Co-operative Alliance, 2016a)*

Cooperatives are a unique type of organisation as they combine two different types of organisations. One type is the profit making enterprise, and the other is the association of civil members (Michelsen, 1994). This combination of motives has an impact on how a cooperative is setup and run. Further all cooperatives are bound by seven Cooperative Principles, endorsed by the International Co-operative Alliance (2016b) which are based on democratic values. This unique type of organisation and how the Cooperative Principles underpin a cooperative will be further discussed in the following section.

Although all cooperatives need to adhere to the Cooperative Principles some cooperatives for different reasons might fail to do so. This will be further discussed under *degeneration of cooperatives*. In the third section of the literature review, Worker Participation and Cooperatives are looked at in combination to add depth to this review.

### ***Cooperative Principles:***

An early example of a cooperative is the Rochdale Society of Equitable Pioneers, founded in 1844 in the United Kingdom. Although the Rochdale was not the first

in the UK it differs from other early customer-owned cooperatives during that time (Battilani & Schröter, 2012a). It differs from others not only because of its long-term success and influential importance (Balnave & Patmore, 2008). Right from its set-up it had clearly written principles, which were: 1) Open membership; 2) Democratic control, with one person one vote; 3) Distribution of surpluses in proportion to trade; 4) Payment of limited interest on capital; 5) Political and religious neutrality; 6) Cash trading and no credit given to customers; and 7) Promotion of education (Battilani & Schröter, 2012a).

The current Cooperative Principles, as endorsed by the International Co-operative Alliance (ICA), are based on the Rochdale principles. They were officially adopted by the ICA in 1937 (with minor revisions in 1965 and 1995 to reflect the political, social and economic changes in society). These principles have created a common ground among cooperatives that originate from different ideological standpoints (Battilani & Schröter, 2012a). They form a constitutional framework for cooperatives around the world. In general, any organisation wanting to operate as a cooperative needs to adhere to the seven Cooperative Principles from the International Co-operative Alliance (MacPherson, 2012). The Cooperative Principles are as follows: 1) Voluntary and open membership; 2) Democratic member control; 3) Member economic control; 4) Autonomy and independence; 5) Education, training and information; 6) Co-operation among cooperatives; and 7) Concern for community (International Co-operative Alliance, 2016b). These principles are what set cooperatives as a business model apart from other investor-owned enterprises.

### ***Cooperative as a Business Model***

Cooperatives are most often created to protect the interests of their members (Battilani & Schröter, 2012a; Borzaga, Depedri & Tortia, 2009) which can be private or social in nature (Borzaga et al., 2009). Cooperatives differ from investor-owned enterprises in a few ways. Firstly, as a fundamental guiding principle all members within a cooperative should be given voting rights. The voting rights are based on the principle one vote per member, and are therefore not proportional to invested capital (Battilani & Schröter, 2012a; Borzaga et al., 2009). Secondly, cooperatives are often run with a long-term sustainability perspective, which means that short-term profits are not the only motive. Service to its members for a

longer period is typically more important than short-term gain (Borzaga et al., 2009; Ferri, 2012). In comparison, investor-owned enterprises are based on the idea that a firm's efficiency can only be measured through the value it creates for its shareholders, i.e. profit maximisation (Ferri, 2012).

Cooperatives create value for the members. Although distribution of profits to its members is something that distinguishes a cooperative from a not-for-profit organisation it should be noted that not all cooperatives return their surpluses to their members. Another approach is to reduce any fees or improve services for members instead of making a profit. In saying this, cooperatives and not-for-profit organisations share the idea of creating a sustainable society built upon collaboration among citizens. Cooperatives play a similar role today in many developing countries. Consequently, cooperatives are sometimes seen to be a part of the social economy (Battilani & Schröter, 2012a). Since cooperatives have their members' interest at heart, they are important institutions for sustainable community development.

The role and importance of cooperatives has been highlighted during and after the Global Financial Crisis. Many cooperatives have been more resilient than investor-owned enterprises (Borzaga & Galera, 2012), and as a result, cooperatives have generally been able to keep making profit and hold on to their employees through tumultuous times. Although resilience is a core strength of cooperatives, this type of business model has largely been overlooked in economic policy making as they are often perceived as an oddity in a capitalist economy (Merrett & Walzer, 2004; Borzaga & Galera, 2012; Ferri, 2012). The reason cooperatives are perceived as an oddity comes from the way enterprises are being evaluated. As mentioned above, Michelsen (1994) outlines that a cooperative combines two organisational types; a profit making enterprise and an association of civil members. This organisational duality may cause difficulties when evaluating their performance. If cooperatives are evaluated on profit alone it will often report poorly compared to an investor-owned enterprise since the distribution of profit differs within in cooperatives. Similarly, if cooperatives are evaluated on their social influence it might report at a lower status to associations. This is because cooperatives spend time and effort on economic as well as social activities. Due to this amalgamation, it is only natural that there will be a division of energy and resources between economic activities and the interests of the members

(Michelsen, 1994). Therefore it is important to note that neoclassical theories of what an enterprise actually is are insufficient when trying to understand the mission and workings of a cooperative (McKillop & Wilson, 2011; Borzaga et al., 2009).

### ***Different Types of Cooperatives***

The cooperative as a business model can be applied to almost any type of economic activity (Battilani & Schröter, 2012a). Cooperatives are found in different industry sectors, such as agriculture and food production, retailing, financial services, housing, electricity, production of goods, and transport, (Battilani & Schröter, 2012a, Cooperative Business New Zealand, 2015a). Cooperatives worldwide vary in size, in terms of both revenue and the number of members and/or employees. Although there are many small and medium-sized cooperatives, some large and multinational organisations are also cooperatives, eg. Arla Foods headquartered in Denmark (Arla, 2015), and Fonterra in New Zealand (International Co-operative Alliance, 2015). Another example of a large multinational cooperative is Rabobank from the Netherlands (Rabobank, 2015).

Battilani and Schröter (2012a) identify that most cooperatives are one of the following three types: customer-owned cooperative, producer-owned cooperative, or a worker-owned cooperative. Cooperative Business New Zealand (2015b) adds, in addition to the aforementioned, the categories of Banking Cooperatives and Insurance Mutuals. This relates specifically to the industry that they operate in, not the type of cooperative. They are a type of customer-owned cooperative. Each of the types outlined above have features that differentiate them from other cooperatives. The research to date in New Zealand has focused primarily on producer-owned cooperatives. This may be due to the dominance of the agricultural sector in New Zealand and their propensity to set up as cooperatives. When the agricultural sector in New Zealand is discussed cooperatives are often concurrently mentioned (Evans & Meade, 2006). Therefore, the research in New Zealand to date explores many of the features of producer-owned cooperatives (for examples see: Moran, Blunden, Workman & Bradly, 1996; Ohlsson, 2004).

It is not always possible to compare findings from producer-owned cooperatives or customer-owned cooperatives with those from worker-owned cooperatives. In the field of employment relations, the wider body of international literature typically focuses on worker-owned cooperatives (see for example: Arando, Gago, Jones & Kato, 2015; Seifert, 2015; Cheney, 2001; Ellerman, 1990; Williams, 2007; Schoon, 2012) which poses a problem when attempting to draw conclusions of relevance for New Zealand specific examples. Each of the forms have unique features that widens the understanding of cooperatives as a business model. A brief summary of each of the types have been provided below to provide an initial understanding about different features they each have.

### 1) Producer-owned Cooperatives

All Producer-owned cooperatives have in common that individual producers come together in order to share the investment costs of technical equipment and/or to effectively market and sell their products to a wider market (Williams, 2007). New Zealand's first cooperative was founded in 1871 (Cooperative Business New Zealand, 2016) and it was a producer-owned cooperative in the dairy industry. Perhaps the best-known producer-owned cooperative in New Zealand is Fonterra which is owned by more than 10,000 dairy farmers. In Fonterra the number of shares are owned by each member equalling the kilograms of milk solids supplied to the cooperative each year (Maher & Emanuel, 2005). However, producer-owned cooperatives can also be found in other parts of the agriculture, such as the wine industry (Marlborough Grape Producers Co-operative, 2016) and meat processing where the New Zealand-based Silver Fern Farms is a timely example. Silver Fern Farms began a process to enter into a partnership with an investor-owned enterprise in the end of 2015 (Silver Ferns Farms, 2015) which signals a demutualization process, which is discussed further later in the literature review.

### 2) Worker-owned Cooperatives

In a worker-owned cooperative the employees are both the employees and the owners of the enterprise (Williams, 2007; Pencavel, 2001) and is suggested to be a way of democratising working-life (Pencavel, 2001; Malleson, 2014).

One example of a worker-owned cooperative that has received plenty of attention is the Mondragon example (Arando et al., 2015; Seifert, 2015; Cheney, 2001; Ellerman, 1990; Williams, 2007; Schoon, 2012). It is the world largest



cooperative group with more than 74.000 employees (Fernández, n.d) and found in more than 260 worker-owned cooperatives (Mathews, 2009). A key determinant in the success of the Mondragon has been the establishing of their own bank, Caja Laboral Popular, which has provided capital for existing and new cooperatives within the Mondragon cooperative group (Ellerman, 1990). The cooperatives employ both direct and representative forms of democracy, in which each cooperative elects a president and governing council. The governing council then appoints a general manager and together they hold most of the power over day-to-day decisions. As a counterpart to the governing council there is a social council within each cooperative. The social councils are often concerned with implementing not only financial but also social return on investment. Typically, the social councils play an important role for the health, safety and wellbeing of the employees within the cooperative. The individual cooperatives belong to the Congress, which is the highest decision-making body. Direct democracy is exercised through the use of the principle one-person, one-vote in the Congress. Representative democracy is used as a way to ensure that each group of employees are fairly represented within the key decision-making bodies (Cheney, 2001).

Another famous example is the UK-based John Lewis Partnership (JLP). It has received considerable attention and the JLP has been described as a workers' paradise (Stummer & Lacey, 2001) because employees are said to have a voice in the decision-making process of the organisation (Cathcart, 2013; Cathcart, 2014). Although the JLP is often referred as a worker-owned cooperative it should be noted that per definition it is not a cooperative (Cathcart, 2014). The shares are owned by the trust, and not by the employees. Contrary to the principles set by the International Co-operative Alliance, members do not contribute equally; nor do they democratically control the capital. Instead, the employees who are partners receive a share in profits based on a percentage of their salary (Cathcart, 2014).

When John Spedan Lewis inherited a retail business from his father, he converted it into an experiment in industrial democracy (Cathcart 2013). He formulated a Constitution based on the idea that instead of categorizing owners, managers and employees the new organisation was made up of partners. Based on this he set up a trust where every partner had a share in the business and was expected to take part in sharing knowledge, gain and power (John Lewis Partnership 1953, as cited in Cathcart (2014)). Although the JLP is an important

example of how employees can have a financial interest in an enterprise it is not a cooperative. For this reason, it will only be briefly referred to throughout this study, which focus is on worker participation in cooperatives.

### 3) Customer-owned Cooperatives

Customer-owned cooperatives are owned by the people who use the services or buy the goods sold by the cooperative (Cooperative Business New Zealand, 2015b). The aforementioned Rochdale Society of Equitable Pioneers (Battilani and Schröter (2012a) was an early version. Customer-owned cooperatives can be found in different sectors such as retail (Jussila, Tuominen & Tuominen, 2012) housing (Dwyer, 1981) and providing electricity (EA Networks, 2016).

In a customer-owned cooperative the customers have a dual role, both as customers and owners. However, this dual role is not always clear, not even for the customer-owners themselves. Jussila et al. (2012) discovered that many customer-owners did not see themselves as owners, as their idea about ownership stems from ideas about stock ownership as found in investor-owned enterprises. An implication of this is that customer-owned cooperatives need to be clear in explaining what ownership in a cooperative can mean to their members. As further suggested by Jussila et al. (2012) ownership in a cooperative is more about cooperative action than owning a piece of financial property.

The dual role of employees in a customer-owned cooperative appears in the case of one of the cooperatives examined in this study and will be further examined in this thesis.

### 4) Financial Cooperatives and Insurance Mutuals

As mentioned above, Cooperative Business New Zealand have included Financial Cooperatives and Insurance Mutuals as a subsection under customer-owned cooperatives. For this reason they too will be included in this section on the different forms of cooperatives. Battilani and Schröter, (2012a) support this notion as they also suggest that financial cooperatives can be categorized as a subset of customer-owned cooperatives.

Financial cooperatives and insurance mutuals are financial institutions that are owned and democratically managed by their members who typically also are the customers of the cooperative (Nese & Troisi, 2014). Insurance mutuals are

owned by those who take out the policies (Cooperative Business New Zealand, 2015b).

## **Cooperative Banking and Credit Unions**

The body of literature in the area of cooperatives is vast and spreads across many industries and, as mentioned above, covers many different types of cooperatives. Therefore, this section on cooperative banking and credit unions has been included to provide more detail about one specific industry. The examination of the available literature in this area gave focus to the study and the researcher was able to select one industry to focus on when designing the sample for the study.

The International Co-operative Banking Association defines a cooperative bank as follows:

*“A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. (...) Co-operative banks differ from stockholder banks by their organization, their goals, their values and their governance. In most countries, they are supervised and controlled by banking authorities and have to respect prudential banking regulations, which put them at a level playing field with stockholder banks” (International Co-operative Banking Association, 2016).*

Cooperative banks and credit unions differ from investor-owned or corporate banks in a number of ways. Firstly, cooperative banks are owned and governed by its members, who typically are also their customers compared to corporate banks, which are owned and governed by outside shareholders (McKillop & Wilson, 2015; McKillop & Wilson, 2011). Further, the board of directors are elected by the members of a cooperative bank, instead of appointed representatives of the shareholders as in corporate banks. Cooperative banks build up their capital over time from their profits and cannot raise capital on a stock exchange market, unlike investor-owned enterprises. In addition, there is a bond among the members of a cooperative bank and even more so in credit unions. These bonds can be

occupational or geographic and can work like a social glue between the members and the cooperative (McKillop & Wilson, 2015).

Another difference between investor-owned banks and financial cooperatives is that the latter has, like any cooperative, both social and economic goals (Williams, 2007; McKillop & Wilson, 2015). This means that cooperative banks are not setup to maximise profit, unlike corporate banks. To serve the interests of the members is the most important feature of a cooperative bank. This can be done through offering more competitive loan and deposit rates as well as better customer service. It is not uncommon for the return of the profit to the members to be done through monetary rebates (McKillop & Wilson, 2015).

Although many cooperative banks and credit unions have come through the Global Financial Crisis better than their commercial banking counterparts (Birchall & Ketilson, 2009; Borzaga & Galera, 2012) it is noted by McKillop and Wilson (2015) that the recent crisis has put pressure on cooperative financial institutions. This pressure comes primarily from the impossibility to raise capital by issuing new equity. Investor-owned enterprises are free to raise new capital on the stock exchange market, but since cooperatives are owned by its members (International Co-operative Alliance, 2016b) raising new capital is an issue for cooperatives (Pencavel, 2001; Williams, 2007) including financial types of cooperatives (McKillop & Wilson, 2015).

Corporate banks are typically not interested in small clients that lack collateral (Zamagni, 2012). Consequently, these clients, whether they are individuals or small to medium-sized companies, have an incentive to come together and offer credit to each other instead of seeking loans with corporate or investor-owned banks that are mainly interested in larger clients. Charges are kept as low as possible because the customers have a direct interest in the capital and profits of the cooperative. Typically, cooperative banks and credit unions are smaller because the relationships with the community and customers is highly valued (Zamagni, 2012).

As per the principles that underpin any cooperative, those in the financial sector have not only economic goals but also social goals (McKillop & Wilson, 2015). This does not mean that cooperative banks avoid making a profit. Rather the view on profit differs compared to corporate banks. Often cooperative banks explain their difference by using terms referring to member-ownership and greater

customer service. However, as explained by Jackson (2006), cooperative banks can also express their difference by pointing to how their pricing strategies differ. Peltzman (2000) explains that when costs go up investor-owned enterprises are quick to increase their prices however when the reverse occurs the opposite does not always apply. Both cooperative and corporate banks lower their rates on deposits when the market is falling (Jackson, 2006). However, when it comes to loan pricing strategies the cooperative banks seem to have a slightly different strategy, as they tend to lower their loan rates faster when the market is falling than they are rising their loan rates when market rates are rising. Cooperatives are not profit maximising entities but rather seek to maintain constant margins between the average deposit and loan rates (Jackson, 2006). The members of a financial cooperative are better off because the organisation is not trying to maximise their profits within a short-term period.

Despite this being said, Worthington (2004) has identified a shift, at least within the Australian cooperative banking market, towards a more profit maximization approach among cooperative banks. A potential reason for this shift could be the increased competition financial cooperatives are experiencing. These tensions between adhering to the cooperative values and meeting financial objectives are becoming more and more difficult to balance (Zalcewicz, 2013). Zalcewicz (2013) further suggests the responsibility for balancing these competing demands should be put on the legislator.

Financial cooperatives as well as other types of cooperatives have been discussed above. The role and importance of the Cooperative Principles have also been examined. However, if a cooperative begins to abate from these principles the cooperative uniqueness may fade. This will be further discussed in the following section.

## **Degeneration and Demutualisation of Cooperatives**

Cooperatives can, like any other enterprise, fail and ultimately go bankrupt. However, an abandonment of adherence to the Cooperative Principles and social purposes can also be deemed a failure. This is called degeneration (Battilani & Schröter, 2012a) and is sometimes also referred to as demutualisation (Battilani & Schröter, 2012b; McNabb, 1997; Luke, 1998). In this situation a cooperative loses

its uniqueness and becomes more similar to an investor-owned enterprise (Markey, Balnave & Patmore, 2010; Battilani & Schröter, 2012a; Rosner, 1984). This might happen if the membership of a cooperative is either content and does not bother to exercise their democratic rights, or because the membership is not given adequate opportunities to exercise their aforementioned rights (Battilani & Schröter, 2012a). It can also happen if a cooperative wants to raise additional capital (Tower, 2016; McNabb, 1997; Luke, 1998).

Degeneration in a worker-owned cooperative can occur when employees are grouped into two separate groups with one consisting of members of the cooperative and the other made up of non-members (Pencavel, 2001). The separation of members and non-members can be viewed similarly to the structure explained in Atkinson's model (Atkinson, 1985) of 'core' and 'peripheral' workers. This model explains how employer-driven flexibility can be setup using contractors, part-time employees or fixed-term employees within the same organisation that keeps a smaller group of core employees that are typically found in a standard employment relationship. If this happens in a worker-owned cooperative only a smaller group of employees will also be owners of the cooperative, whereas an increasing number of employees will not have any ownership in the cooperative. This can happen over time when new employees are not offered or cannot afford ownership in the cooperative and only the initial employees hold the dual role (Pencavel, 2001). A cooperative comprised of both members and non-members runs the risk of being segmented into one group that is better off than the other.

If mutuality is seen as a core feature of a cooperative, then degeneration/demutualisation can be seen as the discontinuation of a cooperative because profit overtakes the social goals as a priority for the organisation. Degeneration of a cooperative can also be an active choice, if a cooperative struggles to grow because of capital constraints. Raising capital can be troublesome for cooperatives, as they cannot raise capital in the same way that listed enterprises can (Battilani & Schröter, 2012b; Pencavel 2001). However, degeneration is not always a bad outcome if the social functions of the cooperative are provided by another organisation (McKillop & Wilson, 2011).

The benefits of degeneration are observed when some of the advantages from a cooperative are combined with an investor-owned enterprise. Battilani and

Schröter (2012b) explain that strong organizational values of cooperativeness can be combined with greater opportunities to raise capital. One recent example of a degeneration process can be observed within Fonterra, a New Zealand dairy cooperative, which has introduced an investment fund in which outside investors, (non-members) can receive economic benefits (Lee, 2013; NZX, 2016).

Another example of degeneration is the New Zealand based insurance company Tower. The history of Tower goes back to 1869 when it was established and owned by the state. In 1990 the ownership of Tower was shifted to the policy holders, and Tower became an insurance mutual through a mutualisation. However, this lasted only for a few years and in 1999 a degeneration process began as Tower wanted to grow their own capital. Policyholders were offered to trade their membership rights for shares once the enterprise would be listed (Tower, 2016; McNabb, 1997; Luke, 1998).

In essence, degeneration of cooperatives can happen over time as the adherence to the Cooperative Principles fades away. However, as has been discussed, the degeneration of a cooperative can also be an active choice if the organisation wants to raise additional capital. It is of importance to consider the degeneration of cooperatives, as this can have an impact on what extent the cooperatives adhere to the Cooperative Principles which may ultimately threaten the democratic governance.

## **Summary**

Although the cooperative is often suggested as a good business model, critics of cooperatives sometimes describe this type of enterprise as an insufficient business model or as an “anachronism – a prisoner of its eighteenth-century origins” (Booth, 1987 as cited in Merrett & Walzer, 2004, p. 4). Others have described the cooperative as an insufficient model to compete in a capitalist economy as the ‘free rider problem’ can distort market functions. This can happen when, for example, a producer refuses to join the cooperative association but still enjoys the benefits of trade negotiated by the collective (Cook, 1995). Further issues can occur when internal inefficiencies arise as each employee of the cooperative wants others to work hard while s/he themselves are not putting in the same effort (Pencavel, 2001; Merrett & Walzer, 2004).

Problems within cooperatives can also arise when employees do not want to or are unable to participate in the decision-making process. This may be logistical or more strategic and suspicious in nature. In addition to this, it has been noted that participatory agreements can be costly and inefficient and take resources away from the general running of the business. The business must function in a market competing with companies that have a sole focus on profit and this can, arguably, be very difficult. If in difficult times cooperatives take the opposite stance and wait too long to lay off employees they run the risk of going bankrupt (Elster, 1989).

More importantly, this section has provided insight into the key elements of what makes a cooperative unique: the Cooperative Principles. These, as noted earlier, are the foundation for all forms of cooperatives across all industries. The notable element taken from these principles is the emphasis on the members, which in some cases are also the employees. This section has provided focus for the study because cooperatives are a business structure governed by a set of principles and one of the key principles is the democratic member control. This differentiates cooperatives from investor-owned organisations. It would therefore be reasonable to expect to see greater levels of participation whether it be from employees or members alike. It is the hope that by looking more closely at cooperatives, insight can be gained into how participation is working in organisations operating in the current market and what kinds of benefits this provides. As mentioned earlier by Malleson (2014) many of us spend our time working for undemocratic organisations and it is therefore of interest to further examine what it means to be working in a more democratic organisation.

The following section provides further insight into worker participation. The researcher believes that by looking at worker participation as a body of work separate from cooperatives, the benefits of participation in the workplace can be explored.



# **Worker Participation**

## **Introduction:**

Worker participation “is about the participation and influence of employees in decision-making throughout the company” (Busck, Knudsen & Lind, 2010, p. 287). However, this is only one definition (Smith, 2006). Other attempts to understand what worker participation is and under what arrangements it can be found will be discussed in the following section of this literature review. This chapter attempts to shed light on the tensions between different understandings of worker participation. In doing so, examples of definitions, terms and understandings of the term will be discussed. However, before that a brief discussion about the general interest for worker participation in New Zealand is presented.

## **Worker Participation in New Zealand**

Worker participation has periodically been a topic of much discussion at conferences among employers and managers, trade union officials as well as academics in the field of Employment Relations (Deeks & Rasmussen, 2002). The topic of worker participation has even been discussed in the New Zealand media as it has been a topic for government initiated committees and inquiries (Rasmussen, 2009). As pointed out by Rasmussen (1997) there is an absence of European style legislation on worker participation in New Zealand. This has not directed local employers to implement participatory forms of their own nor has it encouraged them to include participatory schemes that are concerned with strategic range of questions. As a result, worker participation schemes in New Zealand have traditionally been concerned with operational and organisational issues (Rasmussen, 1997).

The first attempt to increase participatory schemes in New Zealand began in the 1920s. During this time consultative committees were set up but only on a small scale however, they were later implemented by legislation. A second attempt was made during the 1950s when the Industrial Advisory Council encouraged the establishment of joint consultative committees in workplaces. Later, in the 1960s and 70s, there was an increase in debates around industrial democracy. A private members Bill was introduced to the New Zealand parliament in the 1974 which

urged the introduction of works councils in any workplace that employed more than 100 employees. However, the Labour Party as well as the trade union movement showed little interest in this Bill and in the following year, with the entrance of a new National government the Bill was set aside (Rasmussen, 1997).

The fourth attempt for increased worker participation in New Zealand was in the late 1980s when the Report of the Committee of Enquiry into Industrial Democracy (1989) published their report on *The Meaningful participation of workers in decisions affecting their working lives*. The report recommended that any enterprise that employed at least forty employees there should be a works council. However, nothing came of this enquiry (Deeks & Rasmussen, 2002; Rasmussen, 1997). The next attempt was in the 1990s with calls for workplace reform that would include an increase of worker participation through the use of autonomous work groups or teams (Rasmussen, 1997; Perry, Davidson, & Hill, 1995).

Parallel to these five attempts there have been discussions regarding worker participation in occupational health and safety (OHS). The mandating of health and safety committees was introduced in many OECD countries during the 1970s and 1980s but not in New Zealand (Lamm, 2010). In New Zealand the involvement of employees took a step back in the early 1990s as neoliberal policies, and in particular the Employment Contracts Act (ECA) was introduced in 1991. The ECA was introduced by the National Government as was the Health and Safety in Employment Act 1992. Both these Acts reflected National Government's hands-off approach to employment relations (Lamm, 1994). The Health and Safety in Employment Act 1992 was based on the Roben's model. However, New Zealand was the only Anglo-American country that adopted Roben's model without the joint participation component (Lamm, 2010). It took until 2002 when the Health and Safety in Employment Amendment Act was introduced, which gave employees in New Zealand a statutory right to participation (Lamm, 2010; Harris, 2011).

The new Health and Safety at Work Act 2015 was passed by Parliament and will come in to effect in April 2016. However, it is worth noting that the new Act makes exempts small workplaces with fewer than twenty workers to appoint Health and Safety representatives that are not listed on the high hazard list (Health

and Safety at Work Act 2015). Excluded are, among other business, the notoriously dangerous agriculture sector.

### *New Zealand, the ECA and the ILO Complaint*

New Zealand has a long history of introducing radical economic and employment policies (Lamm, Rasmussen & Anderson, 2013). From being a country with a developed system of conciliation and arbitration and compulsory unionism the industrial relations environment was profoundly changed during the late 1980s and throughout the 1990s (Lamm et al., 2013). In particular, the introduction of the Employment Contracts Act in 1991 (hereafter the ECA) changed the rights and opportunities for worker participation, in particular through the abolishment of collective bargaining through unions (Haworth & Hughes, 1995). With the introduction of the ECA the labour market became characterised by individual employment agreements (Kelsey, 1997). As the ECA did not promote collective bargaining, which is contrary to the ILO principles (Roth, 2001) as well as the ECA undermined union action (Rasmussen & Deeks, 1997) the New Zealand Council of Trade Unions (NZCU) lodged a formal complaint to the ILO.

The NZCTU lodged a complaint in 1993 as it considered the ECA to be in breach of both Convention 87 and Convention 98 (Haworth & Hughes, 1995; Novitz, 1996). However as rightly pointed out by Wilson (2000) it should be noted that New Zealand had not ratified either of the conventions even prior to the enactment of the ECA 1991. Compulsory union membership, which lasted between 1936 and 1983 in New Zealand (Kelsey, 1997), could in fact also be interpreted as being in breach of the principle if individuals could not choose whether they wanted to belong to a trade union or not (for a detailed discussion regarding the term freedom of association and its meaning see Novitz, 1996).

New Zealand has still not ratified the ILO convention 87 (Haworth & Hughes, 1995; Novitz, 1996; Roth, 2001; Wilson, 2000; International Labour Organization, 2015a) and it was not until in 2003 New Zealand ratified Convention 98 (International Labour Organization, 2015b). However as a member state of the ILO New Zealand has an obligation to respect, promote and realise the principles of the freedom of association and the effective recognition of the right to collective bargaining (International Labour Organization, 2006, para 15). This means that a

country does not need to have ratified these conventions, like in the case of New Zealand, but by its membership in the ILO still has to adhere to these conventions. As a result, a formal complaint of a member state can be lodged irrespective if that state has ratified these core conventions or not, which was the case of the NZCTU complaint in 1993.

## **Conceptualising Worker Participation**

This section begins to outline the differing definitions provided for worker participation. Highlighted below is the reluctance of researchers to come to a solid definition of what worker participation actually is. Instead, under the term worker participation there are varying levels and degrees to which participation is defined and used in the workplace.

The concept of worker or employee participation can be found in different disciplines. Wilkinson, Gollan, Marchington and Lewin (2010) for example reviewed a number of classic texts on the topic, including the work of Pateman (1970) who investigated and questioned the actual power-sharing in different forms of participation. Prior to this, Clegg (1960) as well as Webb and Webb (1897) linked worker participation to industrial citizenship. Other key texts according to Harley, Hyman and Thompson (2005), include works on participation by Ramsay, and in particular his text on 'cycles of control' (Ramsay, 1977), where the interest for participation is cyclical and is greater when the authority of management is under challenge.

Although scholars from different disciplines frequently use the term “participation” interchangeably, the meaning and form varies between those disciplines. This makes analysis and comparisons between different studies troublesome, not the least because scholars may be limited to research conducted in their discipline only (Wilkinson & Fay, 2011). If the term participation is not used, other terms such as: voice, engagement, involvement, empowerment, or industrial democracy may be. It is however important to acknowledge the differences between these different terms, as they represent different concepts and are based upon different ideological standpoints (Wilkinson & Fay, 2011; Wilkinson, Dundon, Donaghey & Freeman, 2014; Budd, Gollan, Wilkinson, 2010; Stern, 1988).

Participation can be either *employee-centred* or *employer-centred* (Wilkinson et al. 2010). However, some would call the latter pseudo-participation in which management defines which issues should be considered (Turner, 1997). Heller, Pusic, Strauss and Wilpert (1998) point out that much of the research in this area has overlooked differences between employee- and employer-centred approaches to participation and the ideological standpoints associated with them. The level of *control* and the level of *influence* given to employees will vary depending on which approach is taken (Heller et al., 1998). They go on to say that the extant research does not always consider how different forms of participation play different roles when it comes to decision-making in the workplace. It is therefore important to recognise the differences in standpoint before drawing conclusions from any one piece of research.

As Foley and Polanyi (2006) as well as Rasmussen (2009) point out industrial democracy is not the same as employee or worker participation. While participation is necessary, it is not sufficient for it to be workplace democracy. When talking about workplace democracy the workers have the ‘real’ control over certain areas within the organisation, which may vary between operational, organisational as well as strategic matters, and “can ensure that their own goals and objectives, rather than only those of the organization, can be met” (Foley & Polanyi, 2006, p. 174). One way to distinguish between worker participation and industrial democracy is to see whether the schemes are based on the idea of *influence* or *control* (Rasmussen, 2009). Influence is when employees can have a say, which may or may not be considered by management when they are making a decision. In contrast, control refers to arrangements where the employee not only has a say but also has the power in decision-making. This control might be limited to certain areas or aspects of work, for example work groups might have the control over which hours they work (Rasmussen, 2009). This again, depends on whether the participation is at an employee-centred or employer centred level.

As mentioned above the term *involvement* should not be confused with the term *participation*, as these two terms represent two ideological stands. *Involvement* is typically unitarist and builds on management-driven ideas about individual task-based schemes (employer-centred approach). Often, this does not mean that employees actually gain any meaningful influence in any decision-making other than on operational matters (Marchington & Wilkinson, 2005;

Wilkinson et al., 2010; Ridley-Duff & Ponton, 2013). In contrast, *participation* tends to be pluralist and is based on the understanding that the interests between management and employees will vary. Participation acknowledges that power-imbalances between employees and management exist within an organisation. Further, participation aims to involve the employees in meaningful influence or even control in the decision-making processes (Ridley-Duff & Ponton, 2013).

The many terms discussed above all come together under the umbrella of worker participation. Notably, the terms in some cases have similar definitions and in other cases they mean different things. To avoid confusion the term 'participation' will be used throughout this study and will include both employee-centred (pluralist or employee-driven) and employer-centred (unitarist or management-driven) approaches. The differences between the two will be pointed out along the way.

### **An Industrial Relations (IR) Perspective on Participation**

Different disciplines are based on different ideas about what the aim of participation in the workplace should be. What follows next is a brief discussion about the Industrial Relations, and to some extent the Human Resource Management, perspective on worker participation. Also discussed in the following section are some of the key influential works on worker participation from the IR perspective.

Within the tradition of IR the interest and focus on worker participation has shifted since the influential work *Industrial Democracy* by Webb and Webb (1897) was published. In their work they suggested that strong unions and collective bargaining is the best way to participation. Their ideas, still today, dominate the view among some scholars in the field of IR (Ackers, 2010).

Harvie Ramsay published his work on participation, namely the 'Cycles of Control: Worker Participation in Sociological and Historical Perspective' (hereafter 'Cycles') in *Sociology* in 1977. It has been influential as it challenged the view that worker participation is a result of "gradual and ongoing humanisation of capitalism" (Harley et al., 2005, p. 2). Instead Ramsay argued that the interest for participation emerged in cycles whenever the authority of management was threatened or challenged. According to Ramsay (1977), the interest for worker

participation is cyclical: the interest for participation is greater among managers when they feel threatened by the demands of labour. The participatory schemes can be seen as a response by management to regain control. However, as time goes by, the interest for participation decreases and the schemes put in place earlier weaken or fade away (Ramsay, 1977). The 'Cycles' theory needs to be understood in the context in which it was written, namely the long post-war boom was ending. This meant slowing rates of growth, increases in inflation as well as rises in unemployment in the OECD countries. At that time, manufacturing still accounted for about one third of the jobs in the United Kingdom, and union density was at its peak. However, things soon changed and the growing interest for worker participation, and even industrial democracy, was soon replaced by managerially-driven schemes (Harley et al., 2005).

The 'Cycles' theory has been criticised for not taking into account the increase in non-union forms of participation (Boxall & Purcell, 2010; Townsend, Wilkinson, Burgess, 2012). Concurrently, union density has decreased in many Anglo-American countries (James, 2004; Haynes, Boxall, & Macky, 2006). Rather than explaining the interest for participation in terms of 'cycles' Marchington (2005) suggests that a 'waves' concept might be more constructive. In the 'waves' theory the increased interest for participation can be understood through the internal managerial relations instead of a wider, macro approach. The theory contemplates why, at certain points there seems to be more schemes put in place for employee participation and not during other times. This interest or peaks may stem from young managers seeming to be more interested in implementing new strategies when first entering the role.

As both the political and economic environment changed in the 1980s grounded in neoliberal ideas (James, 2004) so did the interest and approach for worker participation (Harley et al., 2005; Ackers, 2010). The interest for collective representation and negotiation subsided and instead employer-driven schemes gained popularity. From pluralist ideas with representative forms of participation, the notion of worker participation moved towards schemes protecting the interests of the employer (Marchington, 2005). In order to align employees' interests with those of the firm (based on ideas of unitarism), capital-sharing schemes gained popularity in the 1980s. In the United Kingdom the term 'people's capitalism' (Nichols & Davidson, 1992) was promoted as a part of the politics during the

Thatcher years and later maintained by the New Labour led by Blair (Baddon et al., 1989). Other types of worker participation schemes that gained legitimacy were task-involvement schemes, which typically occurred on the premise of direct communication between the employer and employee and included different types of activities, such as communication of information, consultation and job-restructuring exercises. Harley et al. (2005) point out that herein lies a paradox. The idea that involvement in itself can be a legitimate goal, as it was in the 1960s and 1970s, has largely disappeared. Instead, there is a growing interest for managerially-driven involvement schemes. The rationale behind employers' interest for involving their employees might vary between increased organisational productivity and an effective rhetoric when legitimising organisational change (Marchington, Goodman, Wilkinson, & Ackers, 1992). The increase of management-driven forms of participation has coincided with, as indeed being a part of, the changing nature of work.

During the last 20 years, a great deal has been written about the changing world of work and its impact on workers. The management guru Peter Drucker (1993) argued that in a growing knowledge economy there will be more high-skilled and knowledge-intense jobs in which an increasing number of employees will be able to secure well-paid jobs that would include high status as well as levels of autonomy. Drucker (1993) argued then that the new capital is knowledge and the power would be transferred from capitalists to workers. Kenneth Cloke and Joan Goldsmith (2002) have suggested that the concept of management has come to an end and has been replaced by self-management through autonomous teams. Such claims, have been critiqued and, for example, Lauder, Young, Daniels, Balarin and Lowe (2012) are suggesting that even though there has been a growth of number of people with tertiary degrees this does not automatically translate into a growing number of high-skilled jobs. Also Lauder et al. (2012) have suggested that autonomy in the workplace, which includes the permission to think, will only be given to an elite in which middle-class graduates are inevitably going to be disappointed.

As pointed out by Harley, Hyman and Thompson (2005) it would be wrong to assume that those found in knowledge-intensive work automatically experience high levels of autonomy. This has been confirmed in the UK, in the 2001 Skills Survey (Felstead, Gallie, & Green, 2002) as well as in the 2011 Workplace



Employment Relations Study (van Wanrooy et al., 2011) where employees have expressed a decline in task-autonomy and fewer reported influence in decision-making respectively. Securing control over employees is still of concern for management, at a time where we see reduced long-term company attachment to its employees (Harley et al., 2005). With a general shift towards neoliberal policies from the late 1970s and early 1980s, the research into worker participation began to focus more on organisational participation (Ackers, 2010; Harley et al., 2005), often advocated by the Human Relations School. This shift coincided with a decline in union membership and decreased union power in most Anglo-American countries. At the same time, as many union-driven forms of participation faded, the interests for non-union and management-driven forms of participation increased (Boxall & Purcell, 2010; Townsend et al., 2012). The term Employee Involvement, commonly used in the Human Resources discipline, gained popularity among academics in the field of IR (Ackers, 2010).

A Human Resource Management (HRM) perspective on participation is ultimately about increasing the productivity and bottom line of the organisation (Wilkinson et al., 2010; Wilkinson et al., 2014). However, according to Boxall and Purcell (2010), cost-effectiveness is not the only rationale for HRM professionals when introducing participation schemes within organisations. It is also about gaining socio-political legitimacy within the society the organisation is operating within. Some organisations are interested in not only complying with the legislation and meeting the bare minimum, but also to be recognised as good and responsible employers. Consequently, they might introduce different ways for employees to have a say in decision-making processes within the organisation.

So far in this review, the broader ideological perspectives have been touched on. However, by further elaborating on the forms of participation, a more practical insight into the workings of participation in organisations can be explored. What follows is an analysis of how the different forms of participation are used and how they relate to the approaches discussed above.

## **Forms of Participation**

Participation for employees within an organisation can take different forms and can be categorised into four broad categories following the work of Marchington

et al. (1992). These categories include: downward communication, upward problem-solving, financial participation, and representative participation. Each of these different forms of worker participation occur at different levels within an organisation and vary depending on who is involved and why.

### ***Downward Communication***

Downward communication includes the different ways in which management can communicate with the employees of an organisation. This form of participation can include face-to-face communication, team briefing, newsletters, reports and other written information (Marchington et al. 1992). Downward communication can also be referred to as information-sharing (Cox, Zagelmyer, & Marchington, 2006; Townsend et al., 2012). Downward communication can be used to transmit information from senior management to the shop or office floor. The type of information can relate to organisational performance, planned activities and development. If the downward communication is done face-to-face it can also provide opportunities for employees to ask questions in regards to the information provided.

### ***Upward Problem-solving***

Upward problem-solving forms of participation are aimed at bringing the knowledge of employees to the attention of management (Marchington et al., 1992). This can be done to solve a problem within an organisation; essentially it is about improving the productivity of the organisation by listening to the employees that are seen to possess the knowledge about where and how improvements can be done (Wilkinson et al., 2010; Wilkinson et al., 2014). Upward problem-solving can be done either at an individual level or within a group. Examples include: suggestion schemes, attitude surveys, quality circles, total quality management, and quality circles (Wilkinson, Godfrey & Marchington, 1997; Marchington et al., 1992). Total quality management (TQM) is an approach that, by its advocates, is suggested to give more responsibility to the employees in non-managerial positions (Wilkinson et al., 1997). However, its critics point out that instead of giving responsibilities and liberation to employees TQM is instead a way for managers to more strictly control over how the tasks are performed by the

employees (Sewell & Wilkinson, 1992). As a consequence the critics of TQM see this as a system that intensifies work (Wilkinson et al., 1997).

Upward problem-solving can be introduced by management in the name of empowerment (Wilkinson, 2002). However it should be noted that these forms of participation are designed not to give employees increased decision-making powers but rather to “secure an enhanced employee contribution to the organization with ‘empowerment’ taking place within the context of a strict management agenda” (Wilkinson, 2002, p. 1720.)

### ***Financial Participation***

Financial participation is when employees share in monetary benefits based on the profits made by the organisation (Kessler, 2010). It aims to link individual rewards to the performance of the organisation, either as whole or within separate units of the enterprise (Marchington et al., 1992). This form of participation differs from other types, as employees are not becoming more involved in any decision-making processes but rather gaining a financial interest in the performance of the organisation (Rasmussen, 2009). Employees might be expected to participate to a greater degree because their work efforts impact the financial outcomes of the organisation (Wilkinson et al., 2010).

Profit-sharing can be arranged through employee stock ownership plans (ESOP) where the employee also becomes an owner which, in turn, may increase their level of participation (Yates, 2006; Pencavel, 2001; Rasmussen, 2009, Nichols & Davidson, 1992). However, profit-sharing can be arranged without ownership; the employee can receive money, for example, through a bonus system (Rasmussen, 2009). Most often, it is only a small proportion of the shares in enterprises through ESOPs that are held by the employees. Other shareholders, including managers, typically own the majority of the shares (Nichols & Davidson, 1992). Additionally, profit-sharing schemes are most common at the executive level of an organisation rather than on the shop floor level (Kaarsemaker, Pendleton & Poutsma, 2010; Rasmussen, 2009).

To clarify, ESOPs are schemes where the firm makes a contribution of cash or stock that is placed in a trust. These trusts then invest their money in the firm's stock. As a result, the employees are part owners of the firm that they are employed

by (Kaarsemaker et al., 2010; Yates, 2006; Pencavel, 2001). There has been an increase in the number of ESOPs throughout Europe in recent years (McCarty, Reeves & Turner, 2010; European Federation of Employee Share Ownership, 2016).

When examining ESOPs it is worth considering the role of trade unions within an enterprise that has this type of ownership structure. Initially when these arrangements gained popularity in the UK and US in the late 1970s and 1980s trade unions were initially worried that their role could be undermined, weakened or confused (Pendleton et al., 1995; Yates, 2006). Traditionally trade unions have based their existence on the division between capital and labour. However, this can change in an enterprise where the employees are also partly owners. ESOPs can be seen as a tool for management to align the interests of the employees with those of the enterprise (Nichols & Davidson, 1992). In contrast, typically the interests of employees in an investor-owned enterprise are different to that of the owners.

The changing interests of employees can make the traditional role of a trade union unclear (Dilts & Paul, 1990). Although some evidence would suggest that employee ownership would weaken trade unions (Poole & Jenkins, 1990 as cited in Yates, 2006) there is other evidence to suggest the opposite, that the role of trade union might in fact be widened and strengthened by employee ownership (Pendleton et al., 1995). Further, Yates (2006) suggests that ESOPs in unionised firms create a better working life with better relationships between employees and management.

Partnership is a term that describes the relationship between unions and employers. A partnership intends to deliver outcomes that benefit both the unions and employers (Rasmussen et al., 2006). In a partnership the view of unions is typically positive as they are seen as a worthy partner that can positively influence productivity and other organisational outcomes (Johnstone, 2014).

In summary, McCarthy et al. (2010) find that ESOPs create only limited changes in employee attitudes and behaviour and does not increase the levels of worker participation. They further highlight the need to “provide employees with a sense of ownership and control” (McCarty et al., 2010, p. 382) if an ESOP is to be successful. Although the findings by McCarthy et al. (2010) provide some insight

into the impacts of ESOPs the extensive review done by Kaarsemaker et al. (2010) highlights that two-thirds of the fifty plus studies examined do find a favourable relationship between ESOPs and employee attitudes and behaviour.

### ***Representative Participation***

Representative forms of participation are when the interests of employees are expressed through representative forums. This is in contrast to direct forms of participation where individuals have discussions directly with management or can act with management consent. Representative forms can include union-driven schemes such as collective bargaining (Doellgast & Benassi, 2014; Block & Berg, 2010). During the past few decades there has been an increase in non-union representative schemes (Townsend et al., 2012; Wilkinson, Townsend & Burgess, 2013) such as joint consultative committees (Pyman, 2014), advisory councils (Marchington et al., 1992) and works councils (Nienhüser, 2014; Gumbrell-McCormick & Hyman, 2010; Markey & Monat, 1997) as well as European works councils (Knudsen, 1995; Gold, 2010; Lecher, 1997).

Representative participation has received much attention in the field of Occupational Health and Safety (OHS). Representation is a key part of both statutory and voluntary OHS Management systems (Walters, 2010; Lamm, 2010; Walters & Frick, 2000). Where systems for workers' representation are present, for example via union representation or worker representatives or safety committees, an improved OHS performance can be seen (Johnstone, Quinlan & Walters, 2005). Further, often workers know most about the hazards that exist in their workplace and they are most likely to have an interest in improved health and safety, because it is their limbs and lives that are at risk when things go wrong (Gunningham, 2008). In summary, representative forms of participation can be either management-driven or union-driven. The matters discussed in representative forums varies. What all representative forms have in common is that they are based on the idea that employees' interests can be heard in a representative forum.

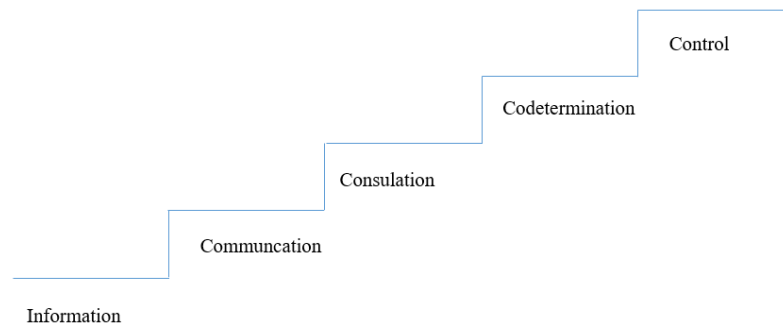
Representative forms of participation have been discussed above and how they can provide opportunities for employees to have a say or possibly be part of decision-making processes. However when examining different forms of worker

participation it is also of relevance to consider four terms which deconstruct the term participation. This is further discussed below.

### **Degree, Level, Range and Forms of Participation**

When examining worker participation “It is helpful if the terms can be deconstructed according to degree, form, level and range of subject matter” (Marchington & Wilkinson, 2005, p.400).

The *degree* of participation refers to the extent employees can influence decision-making processes. When employees are simply informed about decisions this indicates that there is little influence present. The next level of influence is when employees are consulted or ultimately control the decision-making process. The *degree* of participation is represented on a scale or an escalator indicating the level of participation available, illustrated in Figure One below. Rather than seeing participation as linear, Marchington and Wilkinson (2005) suggest that it should be seen as a progression upwards.



**Figure One.** *The escalator of participation. As cited in Marchington and Wilkinson (2005, p. 400).*

The *level* refers to where the individual sits within the organisation. It can range from the shop floor to the departmental or the corporate management level. The level of participation highlights who is involved in the decision-making and how far reaching the inclusivity is. It is important to consider whether all employee

groups are fairly represented. Often it is the management level that is included in the processes with little inclusion of other levels (Marchington & Wilkinson, 2005).

The *range* of participation includes which matters the individuals can have input or say over (Marchington & Wilkinson, 2005). Caraker, Jørgensen, Madsen and Baadsgaard (2014) talk about range using three types of participation: *operational*, *tactical* and *strategic*, which is similar to what Knudsen (1995) discusses, who also adds *welfare decisions*. *Operational* matters refer to the organisation of daily work tasks, such as how and when the work is being carried out. *Tactical* matters refer to the organisational changes for example the introduction of new technology. *Strategic* matters refer to the overall strategy of the enterprise including budgets and investment plans. *Welfare decisions* can refer to, for example, what food is provided in the kitchen room or the location of a Christmas function. These separate concepts determine the types of matters individuals have a say over and indicate how meaningful the participation is. This is of importance when discussing worker participation because the range ultimately determines how much influence any one person or group has within the organisation.

Marchington and Wilkinson (2005) and Wilkinson et al. (2010) finally deconstruct the *form* of participation. Participation can take the form of representative or direct forms, union-based or non-union supported forms. This too is of significance because the form of participation is really the design of the participation and the way it is actually being implemented. This relates back to the previous section on upward, downward, representative, and financial participation where it was suggested that many forms are management-driven. This relates to the level of participation where those employees most often included in the more strategic decisions are at the management level.

This is supported by Harley et al. (2005) who suggest that since the end of the 1980's there has been an increase in management-driven participation schemes, which has coincided with a decline of union membership and union power (Marchington, 2005; James, 2004; Haynes, 2005). In New Zealand the increase of non-union forms of participation increased after the introduction of the Employment Contracts Act 1991 (Haynes, 2005; Freeman, Boxall & Haynes, 2007; Boxall, Haynes & Macky, 2007). As stated earlier, Wilkinson et al., (2014)

have suggested that the main focus for these management-driven schemes is organizational performance which is driving a focus on profit and shows little concern for democratization within working life. In such instances, participation is limited to operational and tactical issues (Caraker et al., 2014) and means that employees are not encouraged to participate at the strategic level. With the development of more management-driven forms of participation schemes as well as decline of union powers, the employees in New Zealand have seen fewer opportunities to have a say over strategic issues.

To further the discussion of different levels of participation, the concept of power warrants some attention and Steven Lukes' discussion on power (1974; 2005) is regarded as an influential contribution (Dowding, 2006). According to Lukes (1974; 2005), it is not enough to look at power only when it is being exercised through decision-making. Rather power needs to be seen as how someone can exercise their influence by limiting or even controlling decision-making. Power and influence are important aspects of worker participation. When examining worker participation it is also the relationships between employees and their representatives, management, and government agencies that are being investigated (Ravenswood, 2011). Different forms of participation originate from different sources and can be implemented as a result of statutory regulation, collective bargaining or be management-driven (Knudsen, 1995) which relates to the concept of power. If participation is mandated in legislation, which is the case in the area of OHS (Lamm, 2010), the powers given to employee representatives are greater than if the participation is initiated by management (Rasmussen, 1997). Also, the range of questions, as discussed above, relates to power. If employees only can have a say over *operational* or *welfare decisions* then this suggests that management does not engage in any power-sharing with their employees. Further, when analysing the power relationships in participation schemes, Pateman (1970) suggests that it can be done through three types of participation, namely: *pseudo participation*, *partial participation*, and *full participation*. *Pseudo participation* is when employees are invited to participate without knowing that the decision has already been made by management (Pateman, 1970). *Partial participation* is when employees can influence the decision-making but where the ultimate decision is made by management. Finally, *full participation* is where the employees decide



how and when work is being carried out and can participate in the decision-making at a strategic level (Pateman, 1970).

In summary, when examining worker participation schemes it is useful to break it down by measuring the degree, level, range and form of participation (Marchington & Wilkinson, 2005; Wilkinson et al., 2010). This provides the opportunity to gauge how involved staff members are, what they are consulted on and what impact their participation has over the final outcome. Worker participation is closely linked to power and power sharing because, more often than not, it is only the management level that is involved in any of the decisions made.

## **Worker Participation in Cooperatives**

### **Introduction**

In this section, the researcher will attempt to combine both sets of literature and look at worker participation in cooperatives as well as making observations that have not been previously made in any found literature. The framework provided by Marchington and Wilkinson (2005) will serve as a guide for both this section and the writing of interview questions; the latter will be discussed further in the methodology chapter. The framework deconstructs worker participation into four key terms namely degree, level, range, and forms of participation. Due to the limitations of this study, the researcher has chosen to mainly investigate the range and forms of participation in cooperatives. The degree of participation is briefly discussed throughout this study. Levels of participation has not been the focus of this study as primarily one group of employees, namely managers, have been the informants of this study.

Based on the literature examined in previous sections, one might expect to find certain amounts of worker participation within cooperatives. This is guided by the notion that the principles that underpin cooperatives are adhered to. In particular, principle number two and number three stipulate (respectively): there should be democratic member control and there should be member economic participation. The researcher has narrowed the worker participation literature by using the cooperative as a guide. For this reason, different forms of participation will be discussed in detail in this section. It is expected that all *forms* including upward, downward, representative, and financial forms of participation will be seen within a cooperative as this applies to democratic member control and member economic participation. These principles further link to the *range* of participation available. If a cooperative were guided by democratic member control then one would expect that members within the cooperative would have say over a range of matters, hopefully even at the strategic level.

However, if a cooperative finds its self-degenerating, then it becomes like any other investor-owned enterprise. An investor-owned enterprise is not obliged to be democratically run and it is not required to ensure workers can participate beyond OHS matters. Therefore, the degeneration of cooperatives will be

discussed first in relation to worker participation as a way of understanding 1) how similar a cooperative may be to an investor- owned enterprise or 2) how strongly they adhere to the principles.

This section concludes with a summary of the main points discussed that have led to the development of the research questions. The driver for this study has been that when attempting to bring together the two bodies of literature, the researcher discovered that in fact, little was available. It was also discovered that the literature on worker participation in cooperatives focused solely on worker-owned cooperatives. Thus the below section is not always applicable to all types of cooperatives. The researcher has continued with this section because of the principles that underpin all types of cooperatives and believes this is what allows for some generalisations.

### **Degeneration of Cooperatives**

Like any other enterprise, cooperatives can fail and go bankrupt (Battilani & Schröter, 2012a). However since the cooperative is different from an investor-owned enterprise in that it has not only economic but also social goals (Michelsen, 1994) it can also fail without going bankrupt. This can happen if a cooperative loses its uniqueness and becomes more similar to an investor-owned enterprise as time goes by. This process is referred to as degeneration (Markey et al., 2010; Battilani & Schröter, 2012a). If a cooperative becomes similar to an investor-owned enterprise, the democratic underpinnings begin to fade away. This is a potential issue when talking about worker participation specifically, as many employee-driven forms of participation are based on democratic ideas. If a cooperative degenerates, the forms of worker participation may be more focused on organisational performance and productivity as they would be in investor-owned enterprises, which lines up with a Human Resource Management perspective (Wilkinson et al., 2010; Wilkinson, et al., 2014). Therefore any signs of degeneration of cooperatives will be carefully considered by the researcher as this may have an impact on both the forms and range of participation.

## **Forms of Participation**

The opportunities for participation in any given organisation can vary between downward communication, upward problem-solving, financial participation, and representative participation (Marchington et al., 1992) as discussed earlier. As the focus for this study is about opportunities for employees in a cooperative to participate in decision-making processes it is of relevance to further discuss different forms of participation.

Downward communication, upward problem-solving and financial participation are linked to organisational performance, information from management to employees and problem-solving and aligning interests of employees with those of management, and are typically management-driven (Caraker et al., 2014; Wilkinson et al., 2010). If degeneration of the cooperative occurs (Markey et al., 2010; Battilani & Schröter, 2012a) then it is anticipated that the forms of participation will reflect this shift. As the cooperative becomes increasingly interested in its economic goals and less concerned with democratic principles, one can expect to see the commitment to participation lessen. It may also result in an increase in more management-driven approaches to participation. When management-driven forms are exercised, they typically only invite participation regarding organisational and operational matters. It is not unexpected that a focus on organisational performance and productivity would be the priority for the higher levels of management. What this may mean for participation, therefore, is that the range is limited to operational and organisational matters. Strategic matters are therefore reserved for management, placing much of the decision-making power in their hands. Thus, the degeneration of a cooperative is expected to increase management-driven forms of participation and decrease employees input into strategic matters.

However, in a cooperative that adheres to the democratic principles, it is expected that all participation forms, including upward, downward, representative, and financial forms of participation, will exist. This assumption has been made because the forms of participation apply directly to principles two and three. However, in relation to representative participation, it must be noted that it does not always refer to union presence. Representative participation could take the form of management-driven committees (Marchington et al., 1992), joint consultative committees (Pyman, 2014), task groups, and other groups hosting one

representative for different groups. Representative participation can also be union-driven and, from the literature, when this form of participation is discussed typically union presence is implied (Doellgast & Benassi, 2014; Block & Berg, 2010). Further, collective bargaining is the main form that this takes (Doellgast & Benassi, 2014). This adds an interesting dimension to the discussion around representative participation in cooperatives. The literature has suggested that union presence within a cooperative can be complex (Pendleton et al., 1995) because it can be argued that a union may not be necessary (Cathcart, 2013; Cathcart, 2014). The role of the union in a cooperative may be confusing or at least not take the form of typical union-employer relationship.

Representative participation through unions is an area of tension, as the unions' traditional role of representing employees is different from representing employees that are also the owners (Pendleton et al., 1995; Yates, 2006).

Another form of participation is financial participation (Marchington et al., 1992) which can be examined through its relevance to cooperative principle number three (Member Economic Participation). In a cooperative, financial participation can take the form of rebates or dividends (McKillop & Wilson, 2015) in which profits are distributed to the members based on their level of investment. However profit-sharing can also be arranged in organisations, such as cooperatives, where the employee becomes an owner, which as a result, increases their level of financial participation (Pencavel, 2001; Rasmussen, 2009; Kessler, 2010).

However, the cooperative is not required to distribute any profit back to the members through rebates, but they can chose to reinvest back into the organisation (McKillop & Wilson, 2015). Where the profits go is up to the members of the cooperative and they can chose to further develop the cooperative or distribute the profit to the members, in accordance with the third cooperative principle (International Co-operative Association, 2016b). This is not necessarily a bad thing; if the members decide to reinvest into the cooperative, this can take the form of lowering the fees, improving of services, or subsidisation of services for their members (McKillop & Wilson, 2015). The members can have the say over where the profit is distributed and if the employees are members that gives them a say over the financial decisions.

Financial participation, upward problem solving and downward communication are management-driven (Marchington et al., 1992) and have in common that they aim to align the interests of the employees with the goals of management (Budd & Colvin, 2014). This means that unitarist assumptions are guiding these forms of participation (Ridley-Duff & Ponton, 2013). Unitarist assumptions assume that there is no conflict of interests between those of the employees and that of management (Budd & Colvin, 2014). If the employees are also the owners, as in the case of a worker-owned cooperative, this unitarist assumption may fit as the workers own the means of production. In an investor-owned enterprise, capital hires labour but in a cooperative labour hires capital and this is suggested to change the relationships and roles between managers and employees (Pencavel, 2001). If worker participation is management-driven then the interests of managers will be promoted and prioritised. Management are typically interested in sustaining the economic viability of the enterprise, which means that the enterprise needs to generate a return on investment that satisfies the demands of the owners (Boxall & Purcell, 2011). On the contrary, if worker participation is employee or union driven then meaningful participation may be prioritised. Meaningful participation for employees is not necessarily the same as what it is for management, as a pluralist assumption indicates (Turner, 1997; Budd & Colvin, 2014). In employee or union driven forms of participation, what is of importance is for the employees to have a say over issues that affect their working lives. This includes their immediate work environment, staffing policies, but also to ensure that the enterprise will survive. Ensuring the survival and development of the enterprise is also in the interest of the employees. Therefore, strategic matters are of interest to the employees but often they are not invited to participate on this range of issues (Wilkinson et al., 2010).

### **Range of Participation**

The range of worker participation can vary between issues at an operational, organisational or strategic level (Marchington & Wilkinson, 2005; Wilkinson et al., 2010). The focus of this study is on what range of questions that employees in a cooperative can have a say in and therefore warrants attention.

Management-driven forms of participation are typically focused on operational and organisational matters, with strategic matters reserved for management (Wilkinson et al., 2014; Caraker et al., 2014). As many employees are also members of the cooperative that they work for, it is of interest to know whether, or to what extent, the cooperatives examined actually adhere to the second cooperative principle (democratic member control).

The range of participation will vary between organisations. This variation most often depends on what range of issues management are seeking employees' participation in. In a cooperative, one would expect that members have a say over a range of issues. If the members also work in the cooperative, their dual role should give the employees more say over matters, not in the least at a strategic level. Management-driven forms of participation that typically focus on operational and organisational issues would be expected to be found in many western organisations because it is seen as leading HR practice (Boxall & Purcell, 2011). Because a cooperative is guided by the principles, it may be expected to have other forms of participation that include the strategic matters. The range in a cooperative should therefore be a differentiating factor to that of the investor-owned enterprises.

## **Summary**

The literature suggests that there has been a decline in interest for industrial democracy since the 1960s and 1970s (Harley et al., 2005) and the focus has increasingly shifted towards management-driven forms of participation (Wilkinson et al., 2014). The participation forms and the range of participation reflect this increase in management-driven forms of participation. This limits participation to operational and organisational issues. As mentioned above, what differentiates a cooperative from that of an investor-owned enterprise is that they should, according to the Cooperative Principles, widen the range of participation.

The examples of research on worker participation in cooperatives are rare and the ones available often focus on participation in one particular form of cooperative: the worker-owned cooperative (Pencavel, 2001; Markey et al., 2010). In particular case studies on the Mondragon cooperative, is often mentioned as a success story (Mathews, 2009; Schoon, 2012; Arando et al., 2015; Cheney, 2001). After much investigation, the researcher has discovered that very few, if any,

worker-owned cooperatives actually exist in New Zealand. It is suggested that further research is needed to better understand what opportunities for participation and decision-making are available in other forms of cooperatives than worker-owned cooperatives.



## **Chapter 2: Methodology**

### **Introduction**

Discussed in this chapter is the methodology that has guided the researcher during this study. The first section outlines the aim and overall research questions. Following on is an outline of the theoretical basis that underpins this study; focus here is on the researchers' assumptions. The relationship between the researcher and the researched/participant is then discussed, where after Participatory Action Research (PAR) approach is briefly discussed and how it relates to this study. A short description of the sample and their organisations are described before the methods used are outlined. After that follows a section about the research process, where the researcher discusses the journey undertaken during this study. Table One, found as Appendix One, overviews how the literature informed the interview questions.

### **The Research Journey**

This study focuses on the opportunities employees of a cooperative are given to participate in decision-making processes. Because of this, the initial aim for the researcher was to gather the data from employees in both managerial and non-managerial positions. In the proposed research design only one cooperative was planned to be examined, as a well-defined case study, which can be seen as a bounded system by time and place (Creswell, 1998). Initially, it was initially proposed that one particular cooperative in the financial sector based in Auckland would be examined. Interviews with employees in managerial and non-managerial positions were planned as well as an anonymous survey that would be administered to all workers, and not only employees, of the cooperative. Further, it was proposed to interview trade union officials. Although one of the interviewees is a Union Councillor none of the Union Secretaries agreed to participate in an interview. However, it was soon discovered that getting enough people willing to participate in an interview was more difficult than anticipated. Numerous reminders by phone and email were sent out. In particular, the researcher experienced difficulties in getting employees in non-managerial positions to participate in an interview. The researcher suspects this was partly

because management did not have a direct interest in promoting such interviews. However direct emails were also sent to a few employees in one of the cooperatives, without any response. The reasons for not answering the emails might possibly be a lack of time or interest to participate in an interview, or possibly fear of repercussions from management if they did participate. Although it should be noted that no explicit reasons were given to the researcher, hence these reasons should only be considered as hypothetical.

The inability to directly approach the research participants is common in a research context, where the researcher needs to negotiate access through gatekeepers (Sanghera & Thapar-Björkert, 2008). Since it proved to be difficult to access participants for the purpose of this study it was decided (by the researcher in consultation with his supervisors) to widen the scope of potential interviewees. In order to get more participants for this study the decision was made to interview not only employees from one cooperative but from *two different cooperatives*. These cooperatives are both in the New Zealand financial sector. Further, one interviewee was recruited as a key stakeholder informant. This interview was conducted to provide information about the overall situation for the cooperative movement in New Zealand today on a macro level. The key stakeholder was also able to provide some general information about opportunities for worker participation in New Zealand cooperatives. The proposed survey was abandoned by the researcher as there was not enough time to conduct a survey within the second cooperative either. The decision to abandon the survey in combination with difficulties recruiting employees in non-managerial positions caused significant changes to the research design. Because this study is management-heavy further research would need to be made to compare answers from employees in management and non-management roles.

The initial research questions were formulated based on an initial literature review. Right from the beginning, the researcher was interested to see what opportunities for worker participation were given to workers in cooperatives. Also of interest to the researcher was the range of questions (operational, organisational, or strategic) workers have an opportunity to participate. The initial research questions were as follows:

Initial RQ 1: In what processes of decision-making are workers within the cooperative participating?

Initial RQ 2: To what degree do workers either influence or control the processes of decision-making?

Initial RQ 3: At what levels (operational, organisational, or strategic) of decision-making do workers have an opportunity to participate?

Although the research questions have not changed substantially during the research process they have been refined, and are presented in the section below. What can be noted is that the word ‘workers’ has been replaced by ‘employees’ in the updated research questions. These words are not used synonymously by the researcher, as worker refers to anyone working in an organisation (including contractors), compared to the more narrow term ‘employee’.

Further, at the start there were three research questions, compared to only two in the updated version. Although there are only two updated research questions, which are presented in the following section, both sets of questions are similar. A notable change is that in the updated version the word ‘level’ has been replaced by ‘range’ to be more consistent with the terms used by Marchington and Wilkinson (2005).

## **Aim and Research Questions**

Based on a review of the literature, the following aim and research questions have been formulated. The aim of this study is to explore the opportunities employees of a cooperative are given to participate in decision-making processes. In particular, the study aims to investigate the range of influence or control which employees have in the decision-making processes within the cooperative. The questions that arise from this aim are:

- RQ1. What forms of participation are employees within a cooperative given to participate in decision-making processes?
- RQ2. On what range of questions (operational, organisational, strategic) can employees influence and or control in decision-making processes?

## **Epistemological and Ontological Assumptions**

Any researcher will approach their study with a certain paradigm; a number of beliefs and assumptions that will guide the study. These assumptions are related to both the researchers' ideas about the nature of reality (ontology) (Creswell, 1998) and how we can know what we know (epistemology) (Bryman, 2008/2011). Assumptions are also related to the role of values in a study (axiology) as well as the process of research (methodology) (Creswell, 1998). The researcher sees the nature of reality as a social construct (Creswell, 1998) which means that social reality is constructed by the way people perceive social situations. This further implies that there are multiple social realities. Further, the researcher believes that knowledge about social reality cannot be gained through experimental studies through an objective stand of the researcher. Rather it is believed that knowledge about social reality is best found and understood in the interaction between those who are studied and myself (Creswell, 1998). In addition the researcher perceives the world to be an unjust place where social reality consists of inequalities based on class, gender, age, ethnicity, sexual orientation among others. It is believed that the need for research is to not only explain or understand social reality but also to change it. This suggests that this research is situated in the radical paradigm (Grant & Giddings, 2002).

## **Relationship between Researcher and the Researched**

The dominating scientific worldview today is much a product of the Enlightenment, which has had profound impact on both how knowledge is perceived as well as how society is organised (Reason, 1998; Shapin, 1996). Within the new scientific perspective, research objectivity became of central importance. This meant that the researcher was separate from the subject of his or her study, in search for one objective truth (Reason, 1998). Although this might work well in the fields of science, Reason (1998) argues that there is a need for alternative ways of searching for knowledge. Pluralist, holistic, and egalitarian forms of enquiry are needed. As this study is indeed about worker participation the following words by Reason (1998) are fitting: "... participation belongs to the people who participate" (p. 263). Suited to the topic of this study, as well as lining up with the Researcher's critical paradigm (Grant & Giddings, 2002), a

Participatory Action Research (PAR) approach will be adopted for the purpose of this study. This is explained below.

The relationship between the researcher and the participants will be based on an approach of mutual understanding and dialogue as is explained by Reason (1998). It is the aim of the researcher to replace the conventional subject-object relationship with a subject-subject one, in which the academic knowledge works in a dialectical movement with the knowledge of the employees in the cooperative.

### **Participatory Action Research (PAR)**

Participatory Action Research (PAR) is more of an ideology or an approach rather than a detailed description of what actually takes place (Reason, 1998) which is accurate for the purpose of this study. In PAR the political aspects of knowledge production are emphasized, since it is believed that the definition and possession of knowledge is held by a minority. Knowledge becomes closely associated with holding power. Therefore "established and power-holding elements of societies" (Reason, 1998, p. 269) are of particular interest in PAR research. Further, the lived experiences of the people that participate in the study are valued in PAR. The objectives of this form of research therefore focus on the people participating in the study. Aspects of power, knowledge, and the lived experiences of the participants are of interest for this study. Further it is hoped that the information and knowledge produced in this study will benefit the participants.

This study involves examination of cooperatives and what opportunities for participation in decision-making employees are being given. A critical examination of whether any power-sharing actually takes place is of concern. In order to adequately inform the study employees from the cooperatives will be interviewed. The role of the Researcher is not to take a distanced stand, but in cooperation with the participants better understand their lived experiences as employees in a cooperative. The employees in the cooperative are seen as the experts, not the Researcher.

### **Literature Review**

The literature review was conducted by the researcher. Sources used include: electronic databases, commonly cited authors and sources including key authors in the area of worker participation, a brief review of the items held by the library

at Auckland University of Technology, literature held by the supervisors, as well as the researchers' own collection of articles and books. Search terms used in databases include but were not limited to: worker participation, participation, involvement, engagement, industrial democracy, employee voice, cooperatives, worker ownership, employee-ownership. Peer-reviewed articles were given priority, however regarding some of the specific cooperatives discussed some non-academic sources were referred to as no peer-reviewed articles were available.

There is a link between the literature review, research questions and interview questions. The table in Appendix One displays the interview questions next to where in the literature the questions came from. References to the literature are also provided in the table. By creating Table One the researcher was able to, throughout the research process, make sure that the main themes from the literature were reflected in the interviews. Further, this enabled the researcher to compare the interview questions with the research questions. In saying that, some of the interview questions did not specifically address the research questions but rather guided the researcher into the field of worker participation in New Zealand cooperatives.

### **Sample and Organisations Examined**

After searching for a worker-owned cooperative in New Zealand but without any luck it was decided that the focus for this study would feature a customer-owned cooperative. As has been discussed above during the research process the scope was broadened to include not one but two cooperatives. Cooperatives in the financial sector were chosen since they provide examples of alternatives to investor-owned enterprises at the heart of the capitalist system.

One of the cooperatives was chosen based on the supervisors' and researchers' pre-existing knowledge about cooperatives in the financial sector. It was chosen as it seemed appropriate for the purpose of this study looking at different forms of worker participation. Initial contact was made with the CEO of the cooperative who suggested to the researcher to send research invitations to other people in the organisation. The other cooperative was discovered during the research process and after initial contact with the CEO an interview with a senior manager was arranged.

A mix of purposive sampling and snowball sampling was applied by the researcher. Purposive sampling relates to the selection of cases that are of relevance to the study and are typical for qualitative studies (Creswell, 1998). Criterion sampling strategy means that individuals that meet certain criteria can be included (Creswell, 1998). The engagement criteria that was used included any potential interviewee to answer yes to the following two questions: 1) Are you an employee of the cooperative? 2) Have you worked (part-time or full-time) for the cooperative for at least the last 12 months? The second question was in one instance overlooked. This decision was made given the extensive experience of cooperatives this person had, although s/he was not working for a cooperative at the time of the interview.

Snowball sampling refers to a strategy where the researcher finds out from interviewees about other potential participants for the study (Creswell, 1998). To some degree the researcher was able to find additional participants by asking the interviewees if they knew someone that might be a suitable person to send a research invitation to. Generally, the researcher did not have great success with snowball sampling as few people suggested by the interviewees agreed to participate in an interview.

In total six interviews were conducted. Four of these six were representing Cooperative 1. One interviewee represented Cooperative 2. In addition to the interviewees from Cooperative 1 and Cooperative 2 one interview was conducted with a key stakeholder in the New Zealand cooperative industry. This key stakeholder was able to shed light on the cooperative movement in New Zealand as well as an overall situation for cooperatives in New Zealand. A summary of the interviewee details of the sample is presented in Table Two.

**Table Two: Sample - Interviewee Details**

<b>Organisation</b>	<b>Interviewees capacity</b>	<b>Gender</b>	<b>Length of interview</b>	<b>Face-to-face or phone interview</b>
Cooperative One	Manager, part of the leadership team.	Male	60 minutes	Phone
Cooperative One	Director on the board.	Male	60 minutes	Phone
Cooperative One	Senior Consultant, non-managerial role. Union Councillor.	Female	30 minutes	Phone
Cooperative One	Previously Manager, then a part of the leadership team.	Male	60 minutes	Phone
Cooperative Two	Manager, part of the leadership team.	Male	60 minutes	Face-to-face
Key stakeholder	Manager	Male	70 minutes	Face-to-face



## **Methods for Data Collection**

Consistent with qualitative methods of collection of data interviews were used as the primary method of collecting data. The interviews were semi-structured in nature to obtain “descriptions of the life world of the subject with respect to interpretation of their meaning” (Kvale, 1996, p. 124). This allows for more flexibility during the interview process and gives opportunities to ask further questions for clarification if necessary (Bryman & Bell, 2003). Given that it is the experiences of being an employee within a cooperative that is of interest, the interview structure was guided by their insights (Kvale, 1996).

Each interview lasted between 30 minutes and up to 70 minutes. The interviewees had been advised prior to the commencement of the interviews the approximate length of the interview. Permission to audio record the interviews was obtained before each interview started and each interviewee also read and signed a participant information sheet as well as a consent form which outlined the purpose of this study, see Appendix Two, and Appendix Three.

As outlined in Table Two, in total six interviews were conducted. This number is considered appropriate for the purpose a 90 points Master’s thesis though it is acknowledged that future research on this topic would include a large sample size. All interviewees are based in New Zealand. Of the six interviews four were conducted via the phone and the other two face-to-face. Initially the researcher had planned to conduct all the interviews face-to-face, as the proposed research design involved only one cooperative based in Auckland. However with the change of research design many of the interviewees were not based in Auckland and phone interviews were left as the best option, given the budget and time constraints of this study. To mitigate the potential loss of information by not conducting some of the interviews face-to-face but via the phone the researcher allowed each interviewee extra time to answer each question. The researcher also asked follow-up-questions, in order for the interviewees to confirm and/or clarify certain information. Table Two presents the key characteristics of the interviewees. Information about how long each interviewee has worked within their current role has been left out, in order to maintain the confidentiality of the interviewees.

Interview findings have been presented in a separate chapter of this thesis. In order to uphold the confidentiality of the interviewees a number has been assigned to each interviewee and will appear in quotes.

Some of the main points and quotes in the interview findings chapter are used more than once, in order to support more than one idea. All direct interview quotes are in italics and marked with the use of quotation marks. In some cases where the quotes are lengthy some portions of the text have been reduced. These sections are marked with [...]. Although some quotes have been shortened, effort has been made by the researcher not to lose the meaning of each quote and therefore some quotes are left long. Names of the cooperatives have been replaced by [name of cooperative]. If any of the interviewees used the name of an organisation that is not the focus of this study, e.g. a competitor, this has been replaced by [name of competitor] or by [organisation's name]. An organisation's name has been used only when they are not direct competitors to the cooperatives examined. In the instance that any quotes are out of context, additional information and/or questions have been added to support the quote. In some instances this clarifying information is provided in brackets.

## **Data Analysis**

The way we analyse and interpret empirical data is dependent on the way it is theoretically framed. It is also dependent on the researcher's own ideological assumptions. As a consequence, any empirical data cannot be treated as unquestionable facts. As Kincheloe and McLaren (1998) point out, the empirical data "represent hidden assumptions – assumptions the critical researcher must dig out and expose" (p. 273). This means that what we see cannot be explained as what we see, but rather as what we perceive. Any sensory input should not be mistaken for information, but rather an interpretation that is made by men and women who are part of the world that is being studied (Kincheloe & McLaren, 1998), in other words this is based on an understanding that research is a social process and that both the researcher and the researched are produced by the community in which they work (McDonnell, in press). This contradicts a traditional empiricist standpoint, where theory is basically a matter of classifying objective data (Kincheloe & McLaren, 1998).

All the interviews were transcribed verbatim. The transcriptions were done by an external transcriber, due to the time constraints of the researcher. In order to fully familiarize himself with the interview data a thorough and multiple read of the transcripts was done at the same time as listening to the audio recordings. By doing so the researcher were able to correct minor errors in the transcript drafts as well as remember which points were emphasised during the interviews.

Qualitative thematic content analysis was used to analyse the information from the interview transcripts. Thematic content analysis is a technique which is most commonly used to characterise and compare documents (Manning & Cullum-Swam, 1994) and is recommended for eliciting themes from many documents and published material (Dixon, Bouma, & Atkinson, 1987). It is also the analysis tool typically used by qualitative researchers (Sandelowski, 2000) because it allows for the summarising of the information contents of that data and allows for a descriptive summary.

The method for this type of analysis is broken down into stages that allowed the researcher to reduce large amounts of information into themes, and later analyse the themes and the connections between them. As a result of this method the researcher interpreted the data to produce significant findings (Bryman, 2008/2011).

Thematic coding was then used to analyse the data from interview transcripts. The analysis of the interview data was done in stages and coincided with the collection of data (Silverman & Marvasti, 2008) as the analysis was ongoing and could not be separated from the data collection.

Reading through the data at an early stage of the research process and to read it at least twice is good practice suggested by Bryman (2008/2011). By doing so the researcher does not drown in the data and was able to get an initial understanding for the data. When reading through the data for the second time notes were taken and the coding begun. These suggestions were followed by the researcher as he read through the interview transcripts first once without taking any notes but by the second reading started to make notes and write codes in the margins of the transcripts.

Bryman (2008/2011) further suggests that some of the codes can be modified at a later stage, once the researcher has examined the codes. Thereafter connections between the codes were identified and were grouped together into themes. This

also meant that individual codes could be taken to a higher level of abstraction. The researcher followed the steps suggested by Bryman (2008/2011) and once all the initial codes were written in the margins certain themes emerged from the interview findings. The themes were typed up in a Word document and then the codes were typed up under each theme. Each code was given a reference which made it easy for the researcher to go back to the interview transcripts.

## **Ethical Considerations**

An ethics application was submitted to the Auckland University of Technology Ethics Committee (AUTEC) and was approved in June 2015. Particular attention has been given to protect the names of the interviewees and the organizations that they represent. However, since there is only a small number of interviewees and that the financial cooperative sector in New Zealand is not large only limited confidentiality could be granted to the interviewees. The researcher has done his best to uphold confidentiality, both during the data collection process but also in the write-up of findings by leaving out any information that potentially could identify any of the interviewees. For this reason no organisation's names have been used, unless these names refer to an organisation that is not in the New Zealand financial cooperative sector.

## **Summary**

The underlying epistemological and ontological assumptions have influenced the design of this study. It is the belief of the researcher that the world is made up a social constructs; each individual perceives the world slightly differently. For this reason a PAR approach was taken to allow the participants to share their perception of work life in their cooperatives. To encourage dialogue and openness in the sharing of participants' perceptions, semi-structured interviews were chosen. This also allowed the researcher to be guided by their answers. When coding the data collected, the researcher stayed close to what the participants expressed. Themes were created based on key points raised by the participants. This is in line with the researcher's belief that the participants are the experts and it is their reality that counts.

Table One in Appendix One summarises how the literature has informed the interview questions. The questions were designed to eliminate potential gaps in the literature and/or to confirm or deny any statements made by other researchers.

What follows next is the Interview Findings Chapter. In this section the answers provided by the participants is provided with minor commentary between statements.

## **Chapter 3: Interview Findings**

### **Introduction**

The themes in this section have been ordered from the least specific to most specific. Findings relating to cooperatives in general will be presented first. Thereafter specific information relating to the two cooperatives examined will be presented. A broad picture will first be given and then a detailed examination of the two cooperatives follows. There are three broad themes, under which a number of sub-themes will follow. Both the themes and sub-themes have emerged during the thematic coding process.

For the purpose of this study two cooperatives have been chosen. Both of them are New Zealand owned cooperatives in the financial sector. Both of the cooperatives provide financial services, both to individuals and other enterprises. Although most topics are relevant for both cooperatives, some of the topics relate only to one of the two cooperatives as it is not the aim of this study to compare differences between the two cooperatives. Therefore, it is only occasionally that the quotes are divided based on which cooperative it relates to. In some cases the researcher wished to illustrate a point of difference and in such instances the two cooperatives are referred to as Cooperative One and Cooperative Two.

The first theme is Cooperative Difference and sheds light on what makes a cooperative form of enterprise different to other, and in particular investor-owned, types of organisations.

The second theme relates to the Cooperative Principles. In this section the interviewees share their opinion on how the seven Cooperative Principles (International Cooperative Alliance, 2016) are being adopted in their respective organisations. In particular the first principle, Democratic Member Control, gained plenty of attention, which is not surprising given the topic of this study.

The third theme is Unions and Cooperatives in which questions about what the role of a trade union can be within a cooperative. In particular, attention is given to the union relationship within Cooperative 1, as there is no union presence within Cooperative 2.

## **Theme: Cooperative Difference**

During the interviews conducted the interviewees raised points about what makes a cooperative unique and how they differ from an investor-owned enterprise. Contrary points were also raised on this topic.

### ***Sub-theme: Cooperatives as a Successful Business Model***

Although New Zealand is a small country, it has many cooperatives per capita, which is expressed in the following two quotes below.

*“New Zealand has a hell of a lot of cooperatives.” (Interviewee Six)*

*“I mean Canada has the fifth largest bank in the world which is a cooperative Desjardin Bank. Canada actually has a lot of cooperatives, but New Zealand strangely enough per capita is the most cooperative country in the world”. (Interviewee Three)*

Many people in New Zealand work for a cooperative. However, the impact the cooperative has reaches further than to its employees as many more people are customers or otherwise deal with cooperatives. This is further discussed in the quotes below.

*“Researcher: Do you know how many people in New Zealand works for a cooperative?”*

*Interviewee: I think it might be 40,000-50,000 [...] But it is not only those working for a co-op [...] I mean if you look at the number of staff who work at Foodstuffs, but then look at the number of people who shop at Foodstuffs, it would multiply many, many, times.” (Interviewee Three)*

*“What is it, one in four New Zealanders use a co-op every single day, which means 1 million New Zealanders are transacting with a cooperative every single day of every year, which is a pretty phenomenal number really for such a little place” (Interviewee Three)*

The success of cooperatives, in particular in the New Zealand context, is expressed by one of the interviewees below.

*“I think people forget just how successful cooperatives are. I think the oldest one in New Zealand is 105 years. Now there are not many limited companies, or public companies that are 105 years old in New Zealand that haven’t been taken over at least once or twice or changed their name three times” (Interviewee Three)*

To work for an enterprise that values innovations from its employees is commonly discussed in relation to large multinational enterprises. However a cooperative shares this interest to value the ideas generated by its employees. The inventiveness of cooperatives is further discussed below.

*“[...] I mean people, and quite rightly so rave about the inventiveness and innovations of places like Google [...] where people can sit around and have free ideas. Well really when you think about it, what is different between that and a cooperative, where everybody has free ideas, except one is a multinational company and the other doesn’t get talked about?” (Interviewee Three)*

Market failure can sometimes be of relevance when it comes to the setup of cooperatives. Although all interviewees mentioned market failure as one way to increase the number of cooperatives, this was not seen as a necessarily desirable way of increasing alternative business models.

*“People would tend to say cooperatives appear when there is a market failure. It is probably more often [true] than not, market failure, touch wood, tends to be from an investor-owned business. [...] So people are looking for something that gives stability, and you know a certain amount of sustainability. [...] I think there is a general tendency [...] for companies to, and for the public to say we want something that is looking after us, rather than saying oh it looks like we lost all your money and we are now bankrupt and we are going to go and start again, but your have lost everything. I think people are a little tired of that model.” (Interviewee Three).*



*“Researcher: Do you think it is important that there are market failures in order for cooperatives to start?”*

*Interviewee: No, I think it is always wrong to wish market failure for the simple reason that somebody is losing and unfortunately it is the shareholder or the customer that loses [...] it creates loss that nobody needs. [...] I wouldn't wish market failure was the only reason that cooperatives grew, I would much prefer that the rationale be that we want cooperatives to thrive because it is a good way of doing business”. (Interviewee Three)*

*“You know we can't sit around and wait for a market failure to grow and promote our story. In the past credit unions have set up, probably over the last 50 years as smaller entities that have gradually merged together in response to local conditions” (Interviewee Four)*

After the Global Financial Crisis (GFC) the so-called Bank Transfer Day was organised in the US, where customers of banks were encouraged to move their assets from their banks into credit unions. However something similar did not happen in New Zealand (Interviewee Four). Although it was noted that cooperative banks and credit unions came through the GFC better than many other banks (Interviewee Six; Interviewee Four)

### ***Sub-theme: Difficulties for Cooperatives***

Some typical problems plaguing many cooperatives, found across different industry sectors, in New Zealand were discussed by some interviewees. One of the problems for many cooperatives in New Zealand is that they are not being taught as a part of the curriculum at any business schools or universities and therefore the general awareness of this business model is low (Interviewee Three).

*“[...] one university who shall remain nameless, I asked why don't you teach it, they said it doesn't come up in exams so why would we waste our time.” (Interviewee Three)*

*“Phone up and say I want to come and talk to your students [at your university] about co-ops and it is a very long pause at the other end of the phone and then oh sorry we are full. [...] I guess it is just not sexy to talk about co-ops, where it is about start-up companies and all sorts of other weird ideas.” (Interviewee Three)*

However, the blame should not fall solely on the universities. Part of the problem is also that in particular, New Zealand cooperatives are not as successful as corporates in their self-promotion, which is expressed in the following quote.

*“[...] co-ops are not particularly good to be honest at blowing their own trumpet. Coming from a corporate background, corporates are very good at telling everybody at how good they are. Co-ops are not, we tend to be just a little bit, we get on with our business and that is it”. (Interviewee Three)*

*“If you go to Europe and other countries in the world they actually sell the cooperative brand better, in Scandinavia especially, and in Holland, it is a big thing to be a cooperative, people like it” (Interviewee Three)*

Regarding the New Zealand cooperative movement one of the interviewees commented following:

*“But I should say that the cooperative movement, let’s call it, the principles and activities in New Zealand is not really vibrant.” (Interviewee One)*

Capital raising is an issue facing many cooperatives, for two main reasons. First, obtaining a loan from a bank is one struggle and second, cooperatives cannot raise additional capital from their members, as corporations can raise capital from their shareholders.

*“[...] it is capital, cooperatives struggle to raise capital. It is just not sexy for the banks to lend cooperatives money. Don’t ask me why, I still can’t find an answer to that question. I don’t think the banks can really either.” (Interviewee Three)*

*“Another difficulty is raising capital because obviously we can’t go to our shareholders the same way that a listed company could.” (Interviewee Six)*

Lack of capital can become a critical issue for any organisation, including a cooperative. Closure or selling of a cooperative to private investors does happen from time to time, which is what has recently happened to one of the meat processing cooperatives in New Zealand (Interviewee Three). Once a cooperative is sold to investors then it is not likely to come back, which following quote suggest:

*“Once you lost a co-op you don’t get it back, history will tell you once a co-op is gone it is gone, it doesn’t re-emerge” (Interviewee Three).*

#### ***Sub-theme: Assumptions about Cooperatives***

A few interviewees commented on what presumptions about cooperatives they have observed in New Zealand. They have further suggested reasons why there are so few, if any at all, worker-owned cooperatives that exist in New Zealand. It should be noted that during the time of this study no worker- owned cooperatives in New Zealand could be found. This finding has been supported by academic colleagues as well as key stakeholders in the cooperative industry in New Zealand. Possibly there might have existed one worker-owned cooperative somewhere close to Lyttelton, however further research into finding this cooperative has not been fruitful. Below are comments regarding worker-owned cooperatives and how cooperatives are often being associated with the political left.

*“I think they [worker owned cooperatives] can and should have a place, but I think the stigma of a worker cooperative tends to lead people to believe it is a socialist type concept. Whereas it doesn’t necessarily have to be. And I think governments around the world are quite responsible for that, they don’t take that stigma away, they just let it sit there.” (Interviewee Three)*

*“I have worked in a couple of cooperatives before, one was [name of organisation] and this one. So I have a sense of what cooperatives are about in a big commercial way. So cooperatives have been a utopia for [...] a preformed idea that*

*cooperatives are somehow socialist, they are odd. The two cooperatives I have worked for are very commercially entity [sic].” (Interviewee Two)*

Other examples of cooperatives were referred to during one interview as examples of worker-owned that are commercially focused. These examples included the Spain-based Mondragon cooperative, as well as the UK-based John Lewis Partnership. Although as previously discussed it should be noted that the John Lewis Partnership per definition is not a cooperative (see Cathcart, 2013; Cathcart, 2014). In order for a worker-owned cooperative to be successful the prosperous business idea needs to be found in an environment that is supportive of the cooperative idea (Interviewee Three). A thought experiment relating to the New Zealand context is found below.

*“[...] could Smith & Caughey’s turn into a worker co-op, who knows? Would anybody dare suggest it at Smith & Caughey’s? Probably not. You know it is just not the environment that we live in.” (Interviewee Three)*

Another interviewee agreed that one of the cooperatives examined in this study indeed is commercially focused, which the following quote illustrates.

*“Well it is a commercial cooperative, that is the difference. And it has to be commercially sustainable in a very highly commercial marketplace.” (Interviewee Six)*

### ***Sub-theme: The Purpose of a Cooperative***

One major difference between cooperatives and investor-owned enterprises are the views on profit and ultimately what the very purpose of the business actually is.

*“[...] what the purpose of our business was, and how we interacted with the board was very different. It was far more a serving organisation rather than a profit maximising organisation. [...] our main purpose is to serve our customers.” (Interviewee One)*

Serving the members of a cooperative can be done through different ways. One is by providing good service, another through competitive prices, for example higher interest rates on deposits and lower rates on loans. Because of this, the cooperative is able to accommodate lower profit margins (Interviewee One).

*“You know if you look at the [name or competitor] or [name of competitor], they have to respond to shareholder demand. So they have a 12 month claim in which to make results, and quite often they will trade away long term opportunity to meet the expectations of the market, a tradable commodity obviously. Our ownership isn’t tradeable [...] we can commercially trade off short term gains for longer term gains. So we can deliver, hopefully, a more sustainable value for our owners. So that is a significant cooperative difference.” (Interviewee Two)*

Regarding the long-term focus for the organisation, the following quote illustrates how one of the cooperatives has operated through times of hardship.

*“And one of the things that stuck out about the [name of cooperative] during the 90s was that they refused to go into a branch closure programme, which pretty much other financial providers did...” (Interviewee Six)*

Another two interviewees also commented on the long-term focus of cooperatives, compared to the short-term gains perspective typically found in investor-owned enterprises.

*“The advantage that cooperatives have is that they tend to be making long-term decisions rather than short-term decisions... [...] those long-term sustainable decisions tend to be around customer service, keeping it going over a period of time, rather than having a roller-coaster sort of ride. [...] the cooperatives is [sic] probably flattening out those roller coasters and saying we are looking for the next 5-10 years, so yes we might not make as much profit this year, but over the period, when their curve comes down and our line meets it the profit might be exactly the same, it is just that it has been made in different ways.” (Interviewee Three)*

*“The profit in [this cooperative] is good profit, it is not driven by greed and gain for a few. It is much more long-term...” (Interviewee Two)*

Although cooperatives might not operate as investor-owned enterprises when it comes to a focus on profit, they still compete with other companies at the same market. As a result, cooperatives need to remain competitive.

*“But you still have to be competitive, it doesn’t mean to say your goods can be 10% more expensive than anyone else’s, that won’t go anyway.” (Interviewee Three)*

Cooperatives might not be the only way of doing business but the following quote suggests that it is at least worth considering.

*“[...] and I think it would be wrong to preach that the co-op business model is the only way, because it is not. Is it the best way? Maybe, maybe not, but it is a viable alternative. And that is the only message I would want to get through to people is look at it as a viable alternative. Don’t dismiss it because you don’t know anything about it or have never heard about it.” (Interviewee Three)*

#### ***Sub-theme: Responsible Lending***

To ensure the members’ capital was not at risk, interviewees from the two cooperatives examined mentioned the importance of responsible lending, which is expressed in the following quotes. Although their approach to lending might sound conservative, there is also some amount of flexibility when it comes to assessing members’ credit rating.

*“[...] because they are member owned, they are very conscious that they are the custodians of their members’ money. So they tend to be [sic] very conservative credit policies and credit approaches. And they don’t do any speculative lending, and they [...] want to make sure they get the money back” (Interviewee Four)*

*“[...] we have to look at the business side of it that in effect we are lending our customers money, so they have got to be customers that would be of value to us and bring business to the bank and not put other members at risk.” (Interviewee Five)*

*“[...] particularly if you haven't got a perfect credit record, they [the financial cooperatives] will try and understand what the circumstances were behind [...] Whereas banks tend to say we have some credit criteria, if you meet it you get it, if you don't meet it [...] then you can't have it.” (Interviewee Four)*

*“[...] we don't have those sales targets that says you must sell x number of policies, and everyone who walks through the door is an opportunity.” (Interviewee Four)*

### ***Sub-theme: Organisational Beliefs***

Interviewees from one of the cooperatives referred to the centrality of organisational beliefs. These beliefs are suggested to guide the daily operations as well as the strategic direction of the cooperative. The organisational beliefs and how they are being practiced is presented below.

*“[...] we have four sets of beliefs, and they are different from organisational values. Beliefs we believe come from the heart, organisational values are kind of a psychologically [sic] construct from some psychologist, and don't have as much meaning to them. Beliefs are genuine, from the heart. So our four beliefs are individuality [...] we treat people as individuals, we listen to people, we try and uncover their needs and desires, rather than trying to upscale them. We want to make good profits, but we want to make profits that suit the individual, so that concept we call mutual benefit. [...] Fairness, you know we stand back and we will do what is fair to you, as a customer or an employee. [...] we balance off fairness and competitiveness and all the rest of it and come up with, hopefully, a much better solution for our customers. And hopefully attractive in the marketplace. Anyway that is the third, and the fourth belief is the future. [...] we believe the future is bright, and we have a relative place in the future...” (Interviewee Two)*

*“So if you stand back and you read your business case can you say that there is a mutual benefit in this business case for the organisation or for the members, or for our employees or the organisation. Can you say it is fair to stakeholders? So that is how we weave a cooperative business through our people, so we don’t just expect them to pay lip service. My manager, my GM will ask me do you think this is fair, do you think this decision is fair to people? Does this articulate our belief in the future, this proposition, you know those sorts of things?” (Interviewee Two)*

*“[...] and if they thought it was just a group of words that are meaningless, it is just like any other [organisation], we would have to address that. But I don’t think they do...” (Interviewee Six)*

*“[...] we recently got asked about our rebate system and how it has worked out and if it’s fair” (Interviewee Five)*

*“[...] I genuinely think that this organisation is very commercial, but it is governed by a set of beliefs that articulate a cooperative difference, and therefore there is a different ethic.” (Interviewee Two)*

*“You know we have lots of debates around how we make money, it is a combination of fees and interest margins and all the rest of it. And you know we debate rigorously the fairness of fees because one of our employees will bring it up, it they say look we think this isn’t fair [...] That will be debated, and in that way our employees get to interject their cooperatives difference into the debate.” (Interviewee Two)*

### ***Sub-theme: Regulatory Constraints***

In particular one interviewee raised a point regarding the difficulties of being a cooperative as well as a bank, because banking regulations are setup to fit investor-owned entities and not cooperative organisations. This dilemma is further explained in the quote below.



*“[...] the reality is that once you [...] register as a bank you have to get a credit rating. And that credit rating is given on the basis of purely commercial criteria. [...] a concrete example, because our customers are our members, and we are giving something back to the customers, through [...] higher deposit rates and lower loan rates and good insurance prices and all that, as well as good service, what is not counted by the ratings agency is a return to shareholders. They only looked at profit as a return to shareholders, which means we work under constant pressure to reduce the distinctive services we were providing to our customers, because we couldn't present them as a return to shareholders, [...] We were constantly under pressure to make profit for our members, and then distributing it to our members. [...] You find that the fact that you want to retain your credit rating and continue to be a bank means that it is more and more difficult to behave as a cooperative. Rather the cooperative label becomes like a marketing label, whereas [...] before we registered as a bank we could actually give effect to being a cooperative...” (Interviewee One)*

#### ***Sub-theme: Experiences of Working in a Cooperative***

What follows are quotes about what it means to be working in a cooperative. The quotes have been chosen to best describe what makes work experiences in a cooperative unique, or not.

*“[...] to be honest after the Global Financial Crisis I despised banks and their greed, and I vowed never to work for one until I spoke to the leadership here around this particular role. And the difference here is that I genuinely think that this organisation is very commercial, but it is governed by a set of beliefs that articulate a cooperative difference, and therefore there is a different ethic. The profit in this bank is good profit, it is not driven by greed and gain for a few. It is much more long-term, with a view to impact on our owners, and that is why I came across [...] It aligns with my value system very much.” (Interviewee Two)*

*“I think it is clearly different from working in an investor lead organisation, our members are our customers [...] and that creates a different dynamic when you are dealing with them. [...] you know the commercial approach has a different*

*dynamic to how we structure pricing, how we consult on changes to our business and what we do, there is a lot more consultative approach. And we have to realise that we work in the cooperative, almost not the custodians but we work, the reason we were set up was to support our customers. So there is a very, very strong customer centric approach to what we do.” (Interview Four)*

*“[...] if you were to ask this question to one of the workers in the branches for example then I am not sure they would say there is a big difference because [...] getting a relationship with the workers and with the unions which reflected the differences of a cooperative was extremely difficult. So if I was a staff member in a branch then I probably, would say [...] that they really enjoyed working there [...] But in terms of wages and other conditions, our negotiations, and our relationship with the union, there was not a difference.” (Interviewee One)*

*“[...] from my perspective, I came from a senior position at [name of organisation] and work at the [name of cooperative] [...] was a huge difference in the way we interacted with our customers, how we talked about business, what the purpose of our business was, and how we interacted with the board was very different. It was far more a serving organisation rather than a profit maximising organisation. [...] So in that sense it was very different yes.” (Interviewee One)*

*“That doesn’t mean everyone has to run around with a flag about the co-op, jumping up and down, and you know we love co-ops. [...] what you are after is that people have a little bit more than just coming to work, they enjoy it, it resonates socially. [...] There is a sense of membership, a sense of ownership that you don’t get if you don’t own anything. If you go to work and the guy sitting in the glass office is earning, for instance, \$600,000 a year, and you earn \$60,000, and you work 9-5, you know at the end of the day he is going to get a bonus, you’re not, so you just turn up. Unfortunately we all need to work because we need to earn money to live. So in that instance you are just doing what you need to do to survive to live. Hopefully within a co-op it is a bit more than that. You are doing all of those things, let’s not be pressy about it [...] but with a co-op you do have a little bit of ownership. [...] he might be still getting the bonus, but the money is being, there is a clarity about what happens to the money. Every member has the*

*right to ask. In a limited liability you can ask but you don't necessarily get an answer, and asking might not be a smart thing to do either. It is same, same but different. Many things are the same, but it is that sense of ownership. And at the end of the day the big difference is what we do with the money as a cooperative, it goes back to the members, whereas in other organisations it doesn't, or it only goes back to some members. I think it is in George Orwell, Animal Farm, some members, some animals are more equal than others. That is corporate, we are all animals but some are more equal than others.” (Interviewee Three)*

### **Theme: Cooperative Principles**

The second theme that emerged from the interviews is around the seven Cooperative Principles. These principles were adopted by the International Cooperative Alliance in 1995 though their roots go back to the Rochdale Society of Equitable Pioneers, a consumer-cooperative founded in 1844 in the UK (Battilani & Schröter, 2012a). Before looking at the specific principles, a quote that highlights the general idea regarding cooperative principles is presented below.

*“[...] I think at the end of the day you have principles that are laid down, so they are never easy, if they were easy anybody can do it. [...] If you don't have any principles you don't have to worry about them [...] As a cooperative you don't have that luxury. [...] So it becomes ingrained a little bit, people just act in a way that adheres to cooperative principles. It is part of your governance, it's part of how you run the business. Now do we always get it right? No, I don't think anybody does. Utopia is unfortunately still a dream for most of us.” (Interviewee Three)*

#### **Sub-Theme: Cooperative Principle #1: Open and Voluntary Membership**

Membership of one of the cooperatives was previously only granted to members of a particular union, however this criteria has been removed. Today almost any member of the public can become a member, as long as a few criteria are fulfilled. Membership is given automatically when you become a customer of the cooperative. Comments regarding how one can become a member of the

cooperative follows below as well as to what extent employees of the cooperative also are members of the cooperative.

*“[...] anyone who wants to bank with us was automatically registered as a member, so it was open to anyone.” (Interviewee One)*

*“I think anyone can [become a member] [...] The only thing that could stop you is maybe a criminal past with a bank, if you have been barred from the bank for assault or something like that, but other than that it is open to everyone, from my understanding.” (Interviewee Two)*

*“Generally speaking any member of the public, although we do have some criteria [...] We certainly have to meet the requirements enforced on us, identification wise by the Reserve Bank. And [...] we have to look at the business side of it [...] so they have got to be customers that would be of value of us and [...] not put other members at risk [...] If they don't have the correct identification or address verification, they wouldn't be able to open an account. Someone with a very, very adverse credit it would certainly be considered whether they would be a good candidate [...] You know we are not going to be able to offer them a lot of business, and what turn around are they going to be able to offer to us?” (Interviewee Five)*

*“Researcher: Who can become a member of [name of cooperative]?”*

*Interviewee: A New Zealander, or resident of New Zealand, you have to be 16 I think, those were two changes that just came in. Then you have to pass all of the standard vetting checks that go on for anyone opening an account and after that you are in. [...] Because we are a New Zealand owned institution, so we want our shareholders to all live in New Zealand or be New Zealand residents.” (Interviewee Six)*

*“Researcher: [...] what extent do you think the workers are members or customers of the [name of the cooperative]?”*

*Interviewee: Well I would say that they would all be, all the workers would be customers yes.” (Interviewee Five)*

*“In fact most of our staff, well probably all, no not all of them, some of them for privacy reasons chose to bank with other banks because they did not want their financial circumstances to be visible to other staff members because once you are a customer then all of your customer details are on our system so branch staff would know. [...] it is the reason given to us when we try to encourage 100% participation rate, was that quite a few people chose that not to have their banking with [name of cooperative].” (Interviewee One)*

*“[...] I am guessing, probably 70%, some are primary accounts and some are secretary accounts, but we have a lot of customers who are employees. [...] The interesting thing is that we don’t force people to open bank accounts with us. [...] Yes if you work at the [name of competitor] you have to open a bank account with [same name of competitor], and your pay will be credited into [same name of competitor], we don’t do that.” (Interviewee Two)*

### ***Sub-Theme: Cooperative Principle #2: Democratic Member Control***

Given the focus of this study it is not surprising that the second cooperative principle, Democratic Member Control, attracted a lot of attention throughout the interview process. This sub-theme will present findings regarding this principle and will include areas such as governance of a cooperative, member engagement, OHS committees, consultation processes, works councils, and different employee participation schemes.

A few interviewees commented on what impact it had for the governance of an organisation to be built around on idea of one member, one vote as the following quotes illustrates.

#### ***One Person, One Vote***

The fact that each member is entitled to one vote makes a cooperative different in terms of whose interests are being looked after. In an investor-owned enterprise the majority of the shareholders are the primary focus for the board. Cooperatives differ in this regard, where each member counts equally. This difference is elaborated on below.

*“Well it’s one person one vote, one member one vote, and the members elected, initially it was 50% appointed and 50% elected, and then it became 100% elected. So I think it ticks all the boxes in terms of the principles [...] and the members elected the board, and then the board elected the executive team.” (Interviewee One)*

*“So whether you have got half a million dollars invested [...] or ten dollars you know your vote counts equally. We found that to be a strength because it has meant that you don’t get a small group of people who get disproportionate influence on the direction of the [name of cooperative]. So you tend to get a lot more stability in strategic direction, which is as a country is run, the country is done on exactly the same basis, one person one vote...” (Interviewee Four)*

*“I think it is in George Orwell, Animal Farm, some members, some animals are more equal than others. That is corporate, we are all animals but some are more equal than others.” (Interviewee Three)*

*“ [...] you can go to shareholder meeting of a major corporate and you might own one share, you might stand up and ask a question, is it really going to make a difference? No. If you are lucky they might politely answer the question, if they are not they will ignore you. Whereas you could be talking to a future elected director [in a cooperative]. [...] you have that [...] necessity that they have to give clarity because he could be on the board next week...” (Interviewee Three)*

### Members Voting

In both cooperatives the members were often invited to vote on different issues at the AGMs as well as at other occasions. Members were invited to vote on issues that related to strategic directions of the cooperative as well as the appointment of board of directors.

*“The members choose the board of directors. They also, and I can’t think of an example at the moment, but there has been times, like when the constitution gets*

*changed that we go out to our customers and they vote [...] and the outcome is on how members voted.” (Interviewee Five)*

*“Any major decision of that sort also needs to go to the membership. If you were to decide to disestablish the cooperative and make it a normal company you would need to go back to the membership. And then there are all sorts of different circumstances where you have to go back to the membership before you can make a decision. [...] There are quite a few circumstances under which the board cannot act before getting the formal approval through a voting system of the membership.” (Interviewee One)*

*“Researcher: And that would be at the AGM, right?*

*Interviewee: No sometimes, if something comes up prior, it is not always at the AGM. [...] [...] if something else needs to be changed [...] not often, the times I have been here, in ten years, there have probably two or three extras over ten years, so not a lot no. But if there was a major change...” (Interviewee Five).*

#### *Top-Down or Bottom-Up*

There were mixed views on the question about whether the cooperatives are run top-down or bottom-up. In particular, there were mixed views on whether Cooperative One was run top-down or bottom-up, which is illustrated in the quotes below.

*“Researcher: [...] governed from the bottom, and it goes up from the membership, or would you rather say that the board is setting the agenda and consulting with the membership?*

*Interviewee: Yeah it is the latter and has to be, because it is a bank. Regulations around a bank you just wouldn’t be able to run it any other way at the moment because the board has regulatory for all sorts of things. You just can’t blame it on the members.” (Interviewee Six)*

*“Researcher: When you think about the governance of the [name of the cooperative] as a whole, would you say it would be rather governed top down or the opposite [...]?”*

*Interviewee: No, it is governed top down.*

*Researcher: When you think about the branch where you are working how would that be governed [...]?”*

*Interviewee: A mix, definitely a mix, yeah.” (Interviewee Five)*

In the other cooperative examined, Cooperative Two, the approach of a mixed governance (both top-down and bottom-up) was described.

*“Researcher: Would you say that members can, in terms of initiating something new, can the members do that or is the initiation process coming from [the management of the cooperative]?”*

*Interviewee: We have had [...] for example part of our strategic planning process we ask them what products and services they want delivered. They then tell us, and we will take that and add it to the strategic plan. [...]*

*Researcher: But [...] it is not [...] you propose and they agree or disagree but they can actually have quite a significant influence?”*

*Interviewee: Oh absolutely, and certainly if you get a couple of them and they all talk together and agree that they will all support an initiative, then that provides us with the demand to build a product...” (Interviewee Four)*

### *Democratically Run Organisation*

Most interviewees viewed the cooperative they are working for as a democratically run organisation. However, one interviewee raised the point that because the cooperative is a bank, it is difficult to apply principles of democracy under the current banking regulations. This is similar to what has been mentioned above.

*“Researcher: The second principle is democratic member control. In your opinion to what extent would you say the [name of the cooperative] is democratically run?”*

*Interviewee: Oh absolutely, absolutely. We have annual AGMs, the people get sent voting forms on all resolutions, the rest are elected.” (Interviewee Two)*



*“Well it’s one person one vote, one member one vote [...] So I think it ticks all the boxes in terms of principles...” (Interviewee One)*

*“All of the directors are directly elected from the membership on a regular basis, that is really the major feature of it. [...] But I come back to the point that banking because of the regulatory structures and requirements, very difficult to have decisions made by anyone other than the board or very senior management.” (Interviewee Six)*

Within both the cooperatives examined there was no direct employee representation at the board level. This means that the interests of the employees are voiced through directors with a union background and/or union affiliation, or not at all as only one of the cooperatives has this as a requirement of their board structure.

*“What we do have is we have seven members they are elected [...] by the members. [...] But there are no [employee] representatives as such. (Interviewee Two)*

*“Researcher: On the board of the [name of cooperative] do you have any employee representatives?*

*Interviewee: No. No.*

*Researcher: Is it something that has been up for discussion?*

*Interviewee: Not in my time, so I suspect it hasn’t been a feature of any conversation for a while. I think the union people who used to be on the board were regarded in that way.” (Interviewee Six)*

In order to be elected as a board of director, a member does not only need to get a certain number of votes, but also needs to pass the check of the Electoral Authority, a vetting function that has been setup in Cooperative One. The function of the Electoral Authority is to maintain a board that represents both the interests of the employer and employees.

*“[...] a group that comprised of three independent people who then assess those applications [...] which included among other things their empathy with*

*cooperative principles, but also their background in governance experience.”*  
(Interviewee One)

*“the [Electoral Authority], who will screen directors and make sure the election processes is conducted transparently and fairly...”* (Interviewee Two)

*“And the Electoral Authority has three people on it, and until the rules were changed at the last AGM in July, one of those people had to have experience of governance, one of them had to have experience of cooperativeness and the [name of the cooperative], and one of them had to have experience or come from a background out of the [...] unions. And the Electoral Authority’s job was to vet people nominating for directors in order to ensure that the names that went forward for the voters were genuine candidates rather than sort of people who were just trying to fly in and grab a board position...”* (Interviewee Six)

#### Member Engagement

During the interviews, member engagement was discussed. It should be noted that member engagement is not the same as employee engagement. The total number of members exceeds the number of the employees. Although technically the employees are to a great extent also members. This relates in particular to Cooperative One. In the following section the interviewees are sharing their thoughts around member engagement. Throughout the interviews the researcher stressed the difference between member engagement and employee engagement.

*“[...] but a major aim of a cooperative is member engagement, it is all about your members, at the end of the day if you don’t have members you don’t have a co-op. [...] So you have to involve your members [...] the expectations upon the board, and expectations upon management. And in both of those instances it is member engagement.”* (Interviewee Three)

*“We have a number of processes in place that are designed to keep our board, our management and our staff in close communication with our members to understand what their needs are.”* (Interviewee Four)

In both the cooperatives examined in this study there were formal as well as informal channels setup for member engagement. Member engagement was not limited to AGMs and/or any extra meetings but could also happen throughout the year in more informal ways.

*“Yeah we have meetings, we have formal communication channels, we have notices, we have workshops [...], we have annual forums and conferences [...] We talk about strategic direction with them, our annual strategic planning process includes feedback from our members. So that is something that you wouldn’t get as an investor-led organisation.” (Interviewee Four)*

*“We have annual AGMs [...] They can come forward at any time, any time, they can pick up the phone, and do regularly to the CEO and/or the Chairman of the Board.” (Interviewee Two)*

Member engagement can be on different organisational matters. In Cooperative One the members have the opportunity to express their views on organisational as well as strategic matters, but not operational matters. However, one interviewee notes that the decision-making power for members is not on a large scale.

*“It is more constitutional questions, and directed membership, and there is all the general section that they can raise any issue, and ask any questions that they wish from advertising to sustainability to whatever, it is a free and open forum.” (Interviewee Two)*

*“Not really operational, it would be more organisational, and it is not on a huge scale no, realistically it is not on a huge scale.” (Interviewee Five)*

The members of a cooperative play an important role when it comes to holding the Board of Directors accountable. Although the members have an important role in a cooperative, some interviewees noted that not all members are interested to engage with the cooperative.

*“[...] the membership, to be honest there is only a handful of members who care about it. [...] we have a 125,000 members or customers, and a lot of those they are not bothered about [...] the designations of a cooperative. There is a core group of people who are very passionate [...] and they keep us on our toes in terms of just reminding us about the power of a cooperative.” (Interviewee Two)*

*“our members, not all of them, a lot of them just don’t want to interact [...] they just want to know that it is doing a good job etc., etc., and others want to take a more personal interest in the governance and the economic direction...” (Interviewee Six)*

In order to improve member engagement, measures have been taken within Cooperative One, *inter alia* to update their website and improve their digital communication which also includes online voting (Interviewee 6, p. 22). They have also organised a tour where the CEO and Chairman meet with the members at the different branches around the country.

*“Up until this year we ran, around the country, after work meet and greets with customers, the branch would invite customers to come along and hear the Chair of the Board and the CEO speak and they were pretty popular. We are putting a lot of effort into having our AGM well attended, we have moved to online voting. We have had far higher levels of voting in elections for directors, nowhere as high as we would like but the numbers have increased dramatically.” (Interviewee Six)*

#### Employee Participation and Worker Participation

Moving from member engagement to employee engagement as well as worker participation, in both cooperatives examined there were a number of different forms of and forums for employees to express their voice and to some degree influence the decision-making. What follows next are quotes that describe which different forms of worker participation existed within the two cooperatives examined.

*“[...] the branches had their branch managers. So we made a huge effort to involve our branch managers and through them branch staff at large, in all the key initiatives [...] So we would have, I think it was twice a year [...] getaways with the total management team, including branch managers, and we would work with them, we would test with them ideas. Those could relate to staff issues, [...] operational as uniforms, it could refer to pay, it could refer to strategic direction. We would test it with people and get their feedback.” (Interviewee One)*

Some interviewees mentioned that there were numerous different consultative forums, such as task forces that were setup to deal with specific issues. The nature of these consultative forums was on a needs basis, which meant that once the issue was resolved the forum was dissolved.

*“Yeah we have focus groups and project teams, but they are not established to consult, they are established to solve problems for people, or to maximise opportunities for the organisation and the members. So we don’t ask our people through those sorts of forums how to improve working life. [...] It is not consultation for consultation sake, it is around solving a problem.” (Interviewee Two)*

*“There are a lot of task groups within the company, but you get that in any organisation, there is nothing that is any different that I am aware of. [...] they often do call on a staff member from a branch network to join in to get their perspective, and to work with them how things run in a branch. [...] when we are upgrading systems, the company needs to ensure that it will function for branch staff...” (Interviewee Five)*

*“You know staff have a voice [...] on specific issues, they have a voice in every forum...” (Interviewee Two)*

Within both the cooperatives, an annual engagement survey was conducted. Both cooperatives chose to outsource the service to be independently run by an external organisation.

*“We have an engagement survey on a yearly basis, so people can rate their satisfaction and give us comments around the organisation. We take that very seriously, every manager has a KPI around engagement. So we are trying to maximise engagement as much as we can.” (Interviewee Two)*

*“[...] engagement survey to try and work out the engagement of staff [...] we share all the results of that [...] we don’t run it ourselves [...] so it is done independently. They report back to us and then we share the results with the staff, so they all see what the results were, good or bad, what has gone up and what has gone down, so it is full visibility.” (Interviewee Four)*

In addition to the engagement survey, Cooperative Two runs an additional survey for its members. Although primarily intended for its members the employees are also sent an invitation to participate in this second survey, which focused on the strategic direction of the cooperative.

*“[...] as part of our annual strategic planning process, the questionnaires that we send out to our members to ask them on what we should be doing, we send a similar version out to all of our staff, and we ask all of our staff to complete that questionnaire. [...] there is not a conscious weighting of whose view is more important, and what we tend to find is that the views are broadly aligned. [...] where you will get differences would be simply from their perspectives. So staff may focus on operational matters that they are most closely involved with [...] other staff might be blue sky strategic thinking [sic] ...” (Interviewee Four)*

In comparison to the ad hoc committees and task forces, Works Councils are not found in any of the two cooperatives. The researcher and one of the interviewees talked briefly about the differences between New Zealand and Sweden in regards to Works Councils.

*“Interviewee: [...] there are various ad hoc committees set up to deal with different things. What else is there? I am sure there are all sorts of internal consultation processes, and I know what they are, but they tend to be ad hoc, but*

*if you are looking for a formal, if you like European style works council approach etc., that doesn't exist.*

*Researcher: And why do you think it doesn't exist?*

*Interviewee: There has never been a demand for it." (Interviewee Six)*

*"Researcher: [...] I come from Sweden [...] overall in New Zealand broadly speaking you don't see the same notion of Worker Councils.*

*Interviewee: Naah, it never has been. It is a product of the Englishness of New Zealand and of our industrial relations culture. I think we have been the poorer for it, but that is just the way it is. Typically you find in-house staff committees and stuff like that have been more popular. But structural arrangements, have never taken off." (Interviewee Six)*

Within Cooperative Two there is also an additional consultative forum in place for employees to express their views. A monthly organisation-wide meeting was organised which offers opportunities not only for information-sharing from management but also offers employees an opportunity to ask questions.

*"We have a monthly organisation wide meeting, so every month [...] every single person in [name of cooperative] comes into the board room, and the CEO presents an update on what has been happening in the organisation and all the initiatives that we are doing and the financials and everything else, and there is an opportunity there for any member of staff to ask a question around what does that mean, and explain that." (Interviewee Four)*

The interviewee emphasised how commercially sensitive information was shared within Cooperative Two, and why the decision had been made to share this type of information with everyone working for the cooperative.

*"Interviewee: I would say that as an organisation we are a very open organisation, we share a lot of commercially sensitive information which we know is definitely commercially sensitive and we wouldn't want out there in the market place, but we share that with our staff in a very open way. We tell them what is public and what is private. [...] there is a high degree of trust in the communication that we*

*share [...] we share all the information from the management team down to everyone who works in the call centre to our operational teams. They all know what is going on.*

*Researcher: And why have you decided that that is a good way to do it?*

*Interviewee: It wasn't a conscious decision, it was a conscious decision of our CEO, I think that is the open style that he wants to have with the organisation, one that is based on trust and respect, [...] the more people who understand what we are trying to do then the more people [...] are able to support what we are doing. If you don't know what the organisation is doing then it is hard to contribute as much as if you do know." (Interviewee Four)*

Cooperative One was similar to Cooperative Two in that the CEO met with the employees on a regular basis to share information but also to answer questions. The following quotes explain this further.

*"To be fair it also partly reflects the fact not only that we were a cooperative but we were relatively small, so it was possible for me [...] to literally go to all the branches two or three times a year." (Interviewee One)*

*"[...] our CEO does come out and visit the branches once a year, you know they do talk to the staff. You probably don't get that happening in a lot of bigger organisations. But our CEO does talk to the staff and seems genuinely interested in what they have to say and their opinions." (Interviewee Five)*

In order to comply with New Zealand Occupational Health and Safety (OHS) legislation it is mandatory for organisations of a particular size to consult with their employees regarding the hazards in a workplace. Below are some quotes that explain how participation in regards to OHS took place within one of the cooperatives.

*"And another level is health and safety of course, that involves a level of conversation with the union, but also high levels of engagement with the staff around the, through the health and safety committee, through the health and safety reps, that sort of stuff." (Interviewee Six)*



*“We have health and safety representatives, and a health and safety worker participation committee. But that is not because of a cooperative it is a legal requirement, so we have that and that works particularly well. [...] You know maybe one of the differences, we say it is because of legislation, but to be honest [...] We choose to. You know it is about you know a cooperative difference, to engage and have those conversations. We really want to make our health and safety committee work because we do actually believe that giving people voice will make a difference. So it is not just a compliance thing to tick the box.” (Interviewee Two)*

Neither of the two cooperatives had employee/member financial participation schemes. Within Cooperative One, a rebate system for members had been set up. To a degree, employees were also members and they could benefit from this rebate system, however there are no financial participation schemes for only employees put in place. As will be discussed in theme three, *Unions and Cooperatives*, there were attempts to create a partnership between the union and Cooperative One. This partnership would include a component of performance-based pay that would depend on the financial result the cooperative made each year. However this, or any other financial participation systems have not yet been established. The quote below illustrates how the rebates system was setup.

*“[...] whereby a proportion of the profits of the cooperative would be distributed to members, and of course to the extent where staff are members, they would get it as well...” (Interviewee One)*

### *Influence and Control*

When examining worker participation it is also important to include the level of influence and control employees have. Influence is when employees can have a say, which may or may not be considered by management when they are making a decision. In contrast, control refers to arrangements where the employee not only has a say but also has the power in decision-making (Rasmussen, 2009). Below is a quote that relates to these two different concepts.

*“Well it has always been a New Zealand far more towards have a say process, in fact what consultation meant had to be litigated here in order to force employers to consult. So that is how far away genuine worker employer engagement occurred. So now there is a judicial understanding of what consultation means that was bitterly fought over. So we are miles away from the worker control space.” (Interviewee Six)*

Continuing on influence vs control, the notion of worker participation in New Zealand is still “miles away from the worker control”.

*“Researcher: So in a way it is particularly difficult in having worker participation and worker control within a bank?”*

*Interviewee: Yeah it is, I mean it is always difficult in New Zealand organisations for that to happen, but it is made worse because of the [banking] regulatory environment.” (Interviewee Six)*

Only one of the interviewees is an employee in a non-managerial position. S/he was asked to choose one statement that s/he agree with the most. Two sets of statements were asked. The interviewee chose statement number four for both sets of statements. The first set relates to what opportunities currently exist within the organisation for employees to participate in decision-making.

1. I do not participate in meetings, or receive information on what to do. I work it out as I go by asking people.
2. We have meetings with a manager, and s/he tells me (us) how things should be done.
3. We have meetings with a manager, and they discuss their proposals with us before making decisions.
4. We have meetings with our manager, and they listen to our proposals before discussing with us which we should adopt.
5. Anyone in the group can initiate proposals and organise a discussion on how to run the organisation.

The second set of statements relate to what the ideal situation would be for employees to participate in decision-making processes (see Ridley-Duff & Ponton, 2013, p. 12).

1. I do not need to participate in decision-making - I prefer to ask people how things are done.
2. I think we should have a meeting with a manager so they can tell us how things should be done.
3. I think we should have a meeting with a manager, and discuss what they propose before anything is decided.
4. I think we should have a meeting with management so they can listen to our proposals and help us choose which ones to adopt.
5. I think anyone should be able to initiate a proposal and organise a discussion on how we run the organisation.

One of the assumptions made by the researcher at the beginning of this study was that being an employee of a cooperative might imply there would be greater opportunities for worker participation. However, particular one of the interviewees disagreed with this proposition. Instead s/he suggested that the forms of participation could be expected to be found in any Western organisation. Further, legislative compliance was mentioned as another reason for participatory schemes.

*“My view is that because we are a cooperative doesn’t mean to say that we have any other forms of consultation that any other non-cooperatives have in my experience. So we don’t have any special considerations for staff in terms of creative forums because of our cooperative nature. We have what I would consider reasonably orthodox consultation forums...” (Interviewee Two)*

*“Like any other organisation, there is always an open door to any manager, any leader in this organisation, from any other employee. [...] There are no barriers. [...] So that is a normal orthodox western organisational kind of mechanism.” (Interviewee Two)*

*“If then we have legislative compliances, so every time we make a change we are compelled by the legislation, not because of our cooperativeness, but by legislation to consult with other staff. We do that openly and willingly, we don’t try to fool people, we put things out on the table for consideration and for discussion.”*  
(Interviewee Two)

*“[...] we don’t have all these holiday circles and all that stuff. If I am being honest it is gimmick stuff. The heart of the cooperative is how do I apply my beliefs to what I am doing...”* (Interviewee Two)

Another interviewee also supports the idea that working for a cooperative is no different to working for any other type of organisation, as the interviewee does not think there is a big difference working for this cooperative, compared to the previous job s/he held outside of the cooperative.

*“Researcher: If you think of any previous, I mean outside of the cooperative, when you have been working, have you been working for any investor owned organisations, and then coming to the [name of the cooperative] you are noticing a big difference [sic], or is it like any other type of job?”*

*Interviewee: Well I didn’t notice any difference, no.*

*Researcher: So it is a workplace like any other?*

*Interviewee: Yeah, that is right.”* (Interviewee Five)

In both cooperatives there is extensive communication between management and employees:

*“You know we have lots of debates around how we make money, it is a combination of fees and interest margins and all the rest of it. And you know we debate rigorously the fairness and fees because one of our employees will bring it up, it they say look we think this isn’t fair, we think the way this fee is structured the disadvantages are x, y and z. That will be debated, and in that way our employees get to interject their cooperative difference into the debate. But it is through reasonably orthodox channels. It is not mass participation...”*  
(Interviewee Two)

*“We have monthly organisation wide meetings, so every month [...] every single person in [name of cooperative] comes into the boardroom, and the CEO presents an update [...] and there is an opportunity there for any member of staff to ask a question...” (Interviewee Four)*

***Sub-theme: Cooperative Principle #3: Member Economic Participation***

The third cooperative principle, Member Economic Participation, is about how members of the cooperative democratically control the capital of their cooperative and how any surpluses are distributed (International Cooperative Alliance, 2016). As is expressed in the quotes below, some of the interviewees were rather unsure how this principle was being applied within the cooperative they worked for. In one of the cooperatives surpluses were given back to its members through a rebate system. In the other cooperatives no rebates were given, instead fees were kept low and interest rates high, in order to keep profits to a minimum. By doing so, in the latter, members found that they did not need to pay as much for the services at the same time as better interest rates could be given compared to competing financial institutions. Below are quotes that illustrate these aforementioned points.

*“[...] this is very specific constitutional issues that you are asking me about, and I am not a constitutional lawyer. [...] but what we do is we have a rebate system. So the delivery of benefits is firstly through a system of rebates, and /or through fair and equitable management of funds for our members [...] The rebate isn't that big actually. Any surplus capital [...] we don't need for the sustainability of the cooperative is given back to customers.” (Interviewee Two)*

*“Researcher: [...] how would you say members contribute equitably and also democratically control the capital of the cooperative?*

*Interviewee: Oh I don't know how to answer that, I wouldn't know how to answer that sorry.*

*Researcher: Would you know how any surpluses would be distributed among the members?*

*Interviewee: [...] That is done through rebates, yes that is done through rebates.”*  
(Interviewee Five)

*“Yeah capital of the cooperative is the accumulation of undistributed reserves and profits. And the only distribution [...] in the last couple of years there is some distribution of excess profit as well. The remainder goes to the reserves which is the equivalent of capital. The capital is owned by the members. [...] and there is some loans [...] from other banks. But it would be a small proportion of the total balance sheet.”* (Interviewee One)

*“Whether you return surpluses or not to members is a business decision. [...] One is that they actually don’t make those surpluses because they pay more in interest on their savings, they have a lower interest rate on their lending.”* (Interviewee Four)

One interviewee expressed that democratic control of the capital is not possible within the cooperative. This is because the cooperative is a bank and needs to adhere to current banking regulations which prohibits democratic control of the capital. The control of the capital is ultimately with the board. However, the members could still have an interest in the capital of this cooperative.

*“They don’t democratically control the capital of the organisation because they can’t. That’s the rules, it comes back to that original point, but they have interest in the equity of the bank which differs from other banks. [...] they can’t have economic democratic control because of the fact that the regulatory system doesn’t allow that.”* (Interviewee Six)

#### ***Sub-theme: Cooperative Principle #4: Autonomy and Independence***

The fourth Cooperative Principle is Autonomy and Independence and is about cooperatives being autonomous organisations controlled by members (International Cooperative Alliance, 2016). One of the interviewees expressed what s/he thinks autonomy and independence for a cooperative means. Most interviewees agreed that the cooperative is independent, it can be noted that there

are some limitations of the perceived independence, which is raised by in particular one interviewee.

*“[...] I think the independence part of it is really aimed towards that you are doing the cooperative thing independent of other influences, rather than independent of anybody, because independent of anybody doesn't fit cooperative principles anyway, it would be diametrically opposed.” (Interviewee Three)*

Two of the interviewees' stated that the cooperative is autonomous and an independent organisation, which also included not relying on loans from other financial institutions.

*“[...] so we are not beholden to anybody, we are an independent bank, so it is the membership that owns the business.” (Interviewee Two)*

*“I think it is quite independent, yeah I do.” (Interviewee Five)*

One interviewee raised a points which together can be viewed as limitations on autonomy and independence.

*“It [the cooperative] is very independent, however [...] it is operating under the law of the land which is New Zealand, but [...] it is registered as a bank, it also needs to abide by the banking rules of the country [...] And also in order to retain that bank status is needs to meet a criteria set up by the rating agencies which determines its credit rating. So all these layers are in a sense constraints on independence...” (Interviewee One)*

#### ***Sub-theme: Cooperative Principle #5: Education, Training and Information***

The fifth Cooperative Principle looks at education, training and information about the nature and advantages of a cooperative business model (International Cooperative Alliance, 2016). Training and/or information activities are aimed towards a particular group, such as the members of a cooperative as well as employees of the cooperatives or the general public, which according to some

interviewees has taken place. However, two other interviewees expressed that no such training for employees and/or members had been conducted. Other activities undertaken included the publishing of a book about the cooperative and workshops for members as well as employees. Communication around the cooperative advantage was also done through the cooperatives' websites. Below are quotes that further shed light on these points.

*“There is ongoing communication, for example we financed and published a book [...] and we have ongoing communication with members through the website about the cooperative business and what it stands for. [...] we funded some kind of cooperative workshops and that kind of stuff. [...] But I should say that the cooperative movement in New Zealand is not really vibrant.” (Interviewee One)*

*“I mean internally we spend a lot of time educating our staff on our cooperativeness. We spend a lot of time educating other organisations in our cooperativeness. We spend a lot of time educating other organisations in our cooperativeness just in our day to day business activities. I think day to day our employees engage with the public or customers and hopefully be able to express what the cooperativeness is. Executives will speak to different forums about cooperative difference and our organisation.” (Interviewee Two)*

*“No, the [name of the cooperative] does pride itself on service, and it [the cooperativeness] is just something that you train yourself to do, you don't have meetings around it, you just train yourself to do that.” (Interviewee Five)*

*“I don't know about the staff, but for the wider public it [the cooperative] hasn't organised anything in the way of courses or anything like that for its members or the wider public, no.” (Interviewee Six)*

#### ***Sub-theme: Cooperative Principle #6: Cooperation Among Cooperatives***

The sixth Cooperative Principle is about how cooperatives can strengthen the cooperative movement by working together on both a local, national, regional and



international level. Below are quotes that illustrate how the cooperatives examined have and are cooperating with other cooperatives.

*“[...] a member of the Cooperatives Association. A very active member, I was on the board and we funded cooperative activities, we participated in the United Nations year of Cooperatives, I think that was 2012.” (Interviewee One)*

*“It participates in the Cooperative Association, I’ve forgotten the name of it, the local one. We have informal relationships which is strengthening with mutual banks in Australia. And we obviously there are informal contacts with the other, what are called mutual banks in New Zealand...” (Interviewee Six)*

*“We did [name of the cooperative] did try, I don’t know where they have got [...] but offer special offers to other cooperatives. It wasn’t hugely successful from what I know, but I don’t know all the details.” (Interviewee Five)*

*“Yeah I don’t know, I have been here for 14 months I haven’t seen it, I know that we all have, like have conversations with organisations such as Farmers Mutual, other cooperative types, but I don’t get involved in that. So question mark that, I don’t know that.” (Interviewee Two)*

*“Cooperation amongst cooperatives that is essentially us, [name of cooperative] is the manifestation of cooperatives all cooperating together to actually work to their mutual benefit.” (Interviewee Four)*

#### ***Sub-theme: Cooperative Principle #7: Concern for Community***

The seventh Cooperative Principle, Concern for Community, was mentioned by all interviewees. The extent to which the two cooperatives expressed their concern for communities varied between both and so did the answers from the different interviewees. Some examples of specific community activities were mentioned, such as involvement in raising money for the local ambulance (Interviewee One) and support the New Zealand organisation Forest & Bird (Interviewee Two). However a few interviewees mentioned the importance that money and profit

made by the cooperatives stayed in New Zealand. The quotes below illustrate this point.

*“Google paid less tax in the UK than a man earning £25,000 a year because the law has enough loopholes in it. Cooperatives pay company tax in New Zealand, so the one thing you can say is that the money stays in New Zealand, so it recycles itself through our communities.” (Interviewee Three)*

*“It is a New Zealand owned bank and its not any money to other regions, it is funnelling money back into our community...” (Interviewee Two)*

### **Theme 3: Unions and Cooperatives**

The third theme that emerged from the interviews was around the role of the unions within cooperatives. Within Cooperative One there was union presence, with union councillors at branch level. They mainly focused on the collective agreement for the union members within the cooperative. In Cooperative Two there was no union presence, instead all representative forms of and forums for participation were management initiated (Interviewee Four).

#### ***Sub-theme: No Conflict Between Capital And Labour***

In conventional or investor-owned enterprises employees often have distinct and opposing interests to those of the owners (Pencavel, 2001). In these organisations the role of the union is often to provide collective bargaining for the employees, as a counter-balance to the interests of the owners. Unions have traditionally built their agenda on the inherent conflict between capital and labour (Pendleton et al., 1995). However, if the employees are also the owners this relationship between capital and labour changes. It is argued that employee ownership even may weaken a union's position (Pendleton et al., 1995), as the workers also own the means of production. However, interestingly the interviewees did not agree with this view. Rather they saw the role of the union similar to that in an investor-owned enterprise.

*“Researcher: [...] Union, when they are representing the workers of the [name of the cooperative], have they been primarily interested in representing the workers as staff members or as owner members?”*

*Interviewee: Staff members.” (Interviewee Five)*

*“Researcher: And in terms of unions do you think they are more interested in protecting the interests of the workers in terms of employment security and wages, or are they more interested in making sure that the cooperative is being profitable so that their members are getting back rebates or bonuses?”*

*Interviewee: It will be the former, and that is understandable.” (Interviewee Six)*

*“Researcher: Do you believe that employee ownership as it is in [name of cooperative] [...] may actually weaken trade unions?”*

*Interviewee: No, no.*

*Researcher: So you don't see any kind of conflicting roles?”*

*Interviewee: No, no I don't.” (Interviewee Five)*

### ***Sub-theme: Union's Role Within a Cooperative***

Although the unions' role within this cooperative might be similar to the one in an investor-owned enterprise, it does not mean that it is the same.

*“[...] it is quite different because basically you want the cooperative to succeed, because its values typically, would typically more likely to align with union values, right?” (Interviewee Six)*

*“There have been cooperatives that have been virulently anti-union. So it is very difficult to speak across the board about it. But as a general point you would like to think that most of the values of the cooperative align with the values of collectivism, which unions have.” (Interviewee Six)*

*“But basically unions would on the main, there are exceptions, view relationships with cooperatives differently than relationships with private capital and would be keen to see cooperatives succeed. That doesn't mean they are softer on them, right.” (Interviewee Six)*

*“Researcher: From your knowledge, and this might be a tricky question, would you say that employee and union relations would be different within [name of the cooperative] compared to other banks?”*

*Interviewee: Yes probably being a smaller entity, being a cooperative rather than the major banks. I think [name of the cooperative] are more open to discussing things with the union, so yeah I do.” (Interviewee Five)*

Based on the quotes above one can imagine that the union relationship is indeed different within the cooperative. However one interviewee strongly opposed such claims, which is explained below:

*“[...] we tried to negotiate with the union, and we said we can talk about a partnership relationship [...] and we treat you distinctively as members of a cooperative and we apply the cooperative principles of our relationship. We can even give you a voice distinctively on the board, provided that you also share the cooperative principle saying if we do well you get rewarded better, if we don't do well then your performance pay is not as good. But because the union was strongly against the principle of the performance based pay, these attempts went on for quite a long time, I put a lot of effort into it, it didn't go anywhere. [...] They refused to treat [name of the cooperative] as a distinct separate entity with a separate structure, principles and values.” (Interviewee One)*

Another view on the union relationship within the cooperative is expressed below. This view is expressed by another interviewee, who on one hand supports the idea that the union relationship is no different within the cooperative compared to investor-owned enterprises. However later in the interview the same interviewee reflects on the difference in the union relationship within the cooperative.

*“We have a relationship with the trade union that is a dispute resolution and a collective bargaining type of relationship. [...] they treat us no differently from the way they would treat the big [name of competitor] during collective bargaining, the same rigour of approach is taken, and we do the same. We are neither for or against the union. Our doors are open, we don't have an all-out attack on them,*

*we don't hate them, we treat them as part of the commercial furniture. [...] You know maybe one of the differences, we say it is because of legislation, but to be honest I don't actually have to consult with the union if I don't want to, it is just something I do. [...] We chose to. You know it is about you know a cooperative difference, to engage and have those conversations.” (Interviewee Two)*

#### ***Sub-theme: Union Council***

Previously there has been a union council within one of the cooperatives, which was mentioned by one of the interviewees. However, this representative body was disestablished a few years ago. Only one interviewee was able to comment on the Union Council and was not able to give any specific reasons why and exactly when it was closed down.

*“Well I can only reflect back to what used to exist, but it was in-house matters, ranging from things like security, proposed changes to policy that aren't covered by the management [...] The management informing the staff through the council about what was planned...” (Interviewee Six)*

#### ***Sub-theme: The Researcher's Cultural Assumptions About Unions***

During one particular interview it became apparent that the researcher had certain pre-existing assumptions regarding what the union's role within a workplace looks like. They come from living and working in Sweden and include assumptions that union councillors would be actively involved in a dialogue with management regarding issues such as occupational health and safety, physical and psychosocial working environment, as well as planned changes to the business or other organisational or strategic matters. Union involvement would hence go beyond issues of conflict, disputes and pay related questions. However as the quotes below illustrate, this is not the case within this cooperative.

*“Interviewee: [...] we don't have a lot of union involvement with the bank. Unless of course there are issues and the union gets called in, there is not a lot of involvement no.” (Interviewee Five)*

*“There has not been a big union influence or the union has been involved very little at all. They certainly have been involved at the higher up level, and obviously negotiating your contract in terms of pay and conditions. But further down I have not seen a heavily influenced unionised thing.” (Interviewee Five)*

## **Summary**

In summary, these findings show that there are certain unique traits of a cooperative. In particular organisational beliefs were mentioned to be of importance in the running of the cooperative. However some of the interviewees suggested that the forms of participation put in place for the employees were there not because the organisation was a cooperative. Rather, one can expect different forms of worker participation because it is good management practice.

All of the interviewees discussed the relevance of the seven Cooperative Principles in regards to the cooperative they were working for. In particular the second principle (Democratic Member Control) received a lot of attention, which is not surprising given the nature of this study. Although the Cooperative Principles were regarded as important by the interviewees some principles were more important than others, as some of the interviewees were unsure about how some of the principles related to their organisation.

The role of the union was discussed only by interviewees from Cooperative One, as no union presence was found in Cooperative Two. The role of the trade union in Cooperative One was seen as similar to the role of a trade union in any other enterprise. Further, the trade union was not interested in treating Cooperative One any different than other enterprises in the New Zealand financial sector. This was evident as the trade union was not interested in the idea of a Partnership.

## Chapter 4: General Discussion and Conclusions

### Introduction

This discussion section sets out to answer the research questions by a combination of interview findings and the reviewed literature. In summary, it is the intention to gain an understanding about what opportunities employees are given to participate in decision-making processes in a sample of New Zealand finance cooperatives.

- RQ1. What forms of participation are employees within a cooperative given to participate in decision-making processes?
- RQ2. On what range of questions (operational, organisational, strategic) can employees influence and or control in decision-making processes?

The first section in this chapter is about the *forms* of participation. All forms of participation outlined in the literature were found across the two cooperatives. Not all four forms were found in both. Most forms of participation were found to be management driven; as further elaborated on later.

Further, the first section also discusses a few other noteworthy points mentioned by the interviewees. Some of these points were in the scope of this study, other were on a wider scale. Some interviewees mentioned that working for the cooperative was no different to working for another organisation. Further they raised the point that they thought the cooperative has become simply a marketing label for the organisation, not a way of doing business. It was also mentioned that being a cooperative in the financial sector (and adhering to some of the Cooperative Principles) is difficult due to the New Zealand banking regulations. Each of these points were noted by the researcher to be worthy of inclusion and will be briefly elaborated on below.

The second section discusses the *range* of issues that the employees had a say over in the cooperatives. The literature suggests that when management driven forms of participation are dominant, typically participation only takes place on operational and organisational ranges of issues. Indications of the opposite were found in this study as, despite a management-driven dominance, employees did have a say over a range of issues including strategic. This, too, will be further explained and discussed in the second section.

Conclusions are made throughout this chapter. Limitations of this study as well as directions are also discussed. The chapter concludes with a summary of the conclusions for this study.

## **Forms of Participation**

This section begins with a discussion about worker participation in different types of cooperatives. Because there are different types of cooperatives (eg. producer-owned, customer-owned, and worker-owned cooperatives) it is important to clarify how the literature on worker participation relates to the two researched financial cooperatives, both of which are customer-owned cooperatives.

The different forms of worker participation discussed in the literature does not apply to one specific type of organisation but can be applied to both investor-owned enterprises as well as cooperatives. The different forms of participation, as categorised by Marchington et al. (1992) include downward communication, upward problem-solving, financial participation (all typically management-driven), and representative participation (typically union-driven), and were found in the two cooperatives examined.

In Cooperative One there is a mix of both management-driven and union-driven forms of participation. Within the cooperative, union representative forms of participation including collective bargaining for collective agreements as well as board representation on the health and safety committees were found. These forms of participation (Doellgast & Benassi, 2014; Caraker et al., 2014; Block & Berg, 2010) as well as OHS representation (Walters, 2010; Lamm, 2010; Walters & Frick, 2000; Johnstone, Quinlan & Walters, 2005) are the forms that the literature suggest to be most commonly found in organisations. It is further suggested that the two forms of participation (management- and union-driven) can complement each other (Boxall, Haynes, & Freeman, 2007). Comparatively, in Cooperative Two only management-driven forms of participation were present. With the decline of union presence in New Zealand this is not surprising (Boxall, Haynes, & Mackey, 2007).



**Conclusion One:** Management-driven forms of participation, as mentioned by the literature, were the most common forms of participation found in both the Cooperatives. Since the decline of the unions, it has been suggested that more management forms of participation will be used. However, in Cooperative One there is a union and still they use more management-driven forms of participation.

Within Cooperative One, many forms of participation were found. This was illustrated by comments from the managers who suggested that participation was a form of good management practice and this was why they engaged in so many forms. In comparison, Cooperative Two only housed downward communication and upward problem-solving. They did not see the need for representative participation, in the form of union presence or otherwise. In regards to financial participation, Cooperative Two have chosen to reinvest the profits back into the company instead of distributing it through rebates. The cooperative principle number three allows for such decisions to be made and therefore does not reflect negatively on the cooperative. However, rebates to members of a cooperative are not the same as financial participation schemes for employees, as they represent slightly different types of schemes. Rebates covers all members whether they are employees or not, while financial participation only covers employees. The two forms of participation Cooperative Two did have, namely downward communication and upward problem-solving, are implemented through organisation-wide meetings, and they also allow for employee queries and management answers to any issues or questions (see below).

Downward communication can be used by management to provide information about organizational performance, direction and changes. This can be done face-to-face as well as in written form (Marchington et al. 1992; Cox, Zagelmyer, & Marchington, 2006; Townsend, Wilkinson & Burgess, 2012). In Cooperative One there are forums in which management provides information to the employees of the cooperative. Notably the CEO goes on a tour to visit all branches on a regular basis. Providing information is the focus of these tours, although questions from the employees are listened to and considered by management.

*“[...] our CEO does come out and visit the branches once a year, you know they do talk to the staff. You probably don’t get that happening in a lot of bigger organisations. But our CEO does talk to the staff and seems genuinely interested in what they have to say and their opinions.” (Interviewee Five)*

Similarly, in Cooperative Two organisation wide meetings are organised every month where management both informs and answers questions from their employees. Although there is an emphasis on information sharing, implying a downward form of participation, questions from the employees are also answered which refers to an upward form of participation.

*“We have a monthly organisation wide meeting, so every month [...] every single person in [name of cooperative] comes into the board room, and the CEO presents an update on what has been happening in the organisation and all the initiatives that we are doing and the financials and everything else, and there is an opportunity there for any member of staff to ask a question around what does that mean, and explain that.” (Interviewee Four)*

Upward problem-solving is ultimately about improving the productivity of the organisation (Wilkinson et al., 2010; Wilkinson, Dundon, Donaghey, & Freeman, 2014) and can be done either at an individual level or within a group (Wilkinson, Godfrey & Marchington, 1997; Marchington et al., 1992). Upward problem-solving done at a group level was discussed thoroughly by the interviewees from Cooperative One. It was emphasised that these forms of participation are put in place to resolve a particular issue and do not aim at improving the working-life of the employees, as illustrated in the quotes below.

*“Yeah we have focus groups and project teams, but they are not established to consult, they are established to solve problems for people, or to maximise opportunities for the organisation and the members. So we don’t ask our people through those sorts of forums how to improve working life. [...] It is not consultation for consultation sake, it is around solving a problem.” (Interviewee Two)*

*“There are a lot of task groups within the company [...] they often do call on a staff member from a branch network to join in to get their perspective [...] when we are upgrading systems, the company needs to ensure that it will function for branch staff...” (Interviewee Five)*

Upward problem-solving also includes the use of surveys (Wilkinson, Godfrey & Marchington, 1997) which was found to be used in both cooperatives. An annual engagement survey is conducted in both cooperatives. In addition to the engagement survey another survey is run within Cooperative Two every year. This survey is concerned with the strategic direction of the cooperative. Both the employees and the members are invited to participate in this survey, as discussed below. Below are two quotes regarding the engagement surveys run in Cooperative One and Cooperative Two respectively. It is indicated in the quotes that in both cooperatives the engagement survey is considered important.

*“We have an engagement survey on a yearly basis, so people can rate their satisfaction and give us comments around the organisation. We take that very seriously, every manager has a KPI around engagement. So we are trying to maximise engagement as much as we can.” (Interviewee Two)*

*“[...] engagement survey to try and work out the engagement of staff [...] we share all the results of that [...] we don’t run it ourselves [...] so it is done independently. They report back to us and then we share the results with the staff, so they all see what the results were, good or bad, what has gone up and what has gone down, so it is full visibility.” (Interviewee Four)*

**Conclusion Two:** Downward communication and upward problem-solving are both management-driven forms of participation. Downward and upward, in some regards, fit together because it is the managers’ way of enabling two-way communication. It is interesting that there are so many different forms of management-driven forms of participation in a cooperative because one would expect to see forms that reflect the cooperative nature. However, this may be associated with the type of cooperative being researched. If a worker-owned

cooperative had been examined then more democratic forms of participation may have been seen.

Financial participation can be arranged either through making the employees owners of the enterprise (Yates, 2006; Pencavel, 2001) but can also be done without any calls for ownership as the employees can receive money, for example through a bonus system where any profits are distributed to its employees (Rasmussen, 2009). It is suggested that when members of an organisation have a financial interest, as well as a responsibility, to ensure the development of the business participation may take place to a sufficient degree (Tedestedt, Rasmussen, Lamm & Moore, 2015). In other words, when everybody in a workplace has a commitment and interest in how the business is run there is an interest, as well as a responsibility, for everyone to participate in meaningful ways (Nichols & Davidson, 1992). Although no financial participation for employees was found in either of the cooperatives examined, Cooperative One has a rebate system, which aligns with the third cooperative principle which stipulates that members can either receive some of the profits through a rebate system, or the profit is re-invested in the enterprise (International Co-operative Alliance, 2016b). In Cooperative One a rebate system corresponds to their level of investment. In this Cooperative, the majority of the employees are also members of the cooperative so they hold a dual role, both as owners and employees. This enables the majority of the employees to receive some of the distributed profit through the rebate system. In comparison Cooperative Two do not give rebates but instead they maintain lower lending and administrative costs to their members. The quote below illustrate how the rebate system in Cooperative One is setup.

*“[...] whereby a proportion of the profits of the cooperative would be distributed to members, and of course to the extent where staff are members, they would get it as well...” (Interviewee One)*

The rebate system that is put in place in Cooperative One can be seen as a way of exercising the third cooperative principle. However, as expressed by one of the interviewees, the second and the third Cooperative Principles can be difficult to combine with the New Zealand banking regulations. It was suggested that the

banking regulations can halt effective and true democratic control and economic member participation:

*“All of the directors are directly elected from the membership on a regular basis, that is really the major feature of it. [...] But I come back to the point that banking because of the regulatory structures and requirements, very difficult to have decisions made by anyone other than the board or very senior management.”*  
(Interviewee Six)

*“They don’t democratically control the capital of the organisation because they can’t. That’s the rules, it comes back to that original point, but they have interest in the equity of the bank which differs from other banks. [...] they can’t have economic democratic control because of the fact that the regulatory system doesn’t allow that.”* (Interviewee Six)

Because of the New Zealand banking regulations and the credit rating system, the only recognised way of giving back to its members (or shareholders as is the case in investor-owned banks) is through rebates (or share dividends). This makes it more difficult for Cooperative One to operate as a cooperative, as they are bound by the banking regulations as well as relying on a good credit rating. This dilemma is further discussed in the quote below:

*“[...] the reality is that once you [...] register as a bank you have to get a credit rating. And that credit rating is given on the basis of purely commercial criteria. [...] a concrete example, because our customers are our members, and we are giving something back to the customers, through [...] higher deposit rates and lower loan rates and good insurance prices and all that, as well as good service, what is not counted by the ratings agency is a return to shareholders. They only looked at profit as a return to shareholders, which means we work under constant pressure to reduce the distinctive services we were providing to our customers, because we couldn’t present them as a return to shareholders, [...] We were constantly under pressure to make profit for our members, and then distributing it to our members. [...] You find that the fact that you want to retain your credit rating and continue to be a bank means that it is more and more difficult to behave*

*as a cooperative. Rather the cooperative label becomes like a marketing label, whereas [...] before we registered as a bank we could actually give effect to being a cooperative...” (Interviewee One)*

**Conclusion Three:** As indicated in the quote above, Cooperative One has not always been registered as a bank and that there has been a notable difference since this registration. Cooperatives can give back to their members either through distribution of rebates or by lowering fees and improve the services for its members. Cooperative One has chosen to give back to its members through rebates, although this is done in part because of the credit rating they rely on as a bank. In comparison, Cooperative Two has chosen not to distribute their profits through rebates but instead improving their services and lower their fees. Most interestingly, Cooperative One are using this form of financial scheme not to further involve the members but more to improve their credit rating.

The New Zealand banking regulations were seen to hinder the ability for a cooperative to exercise and adhere to the Cooperative Principles. In particular, cooperative principle two (Democratic Member Control) and three (Member Economic Participation) were seen to be in conflict with the banking regulations, which is illustrated in the two quotes below.

*“All of the directors are directly elected from the membership on a regular basis, that is really the major feature of it. [...] But I come back to the point that banking because of the regulatory structures and requirements, very difficult to have decisions made by anyone other than the board or very senior management.” (Interviewee Six)*

*“They don’t democratically control the capital of the organisation because they can’t. That’s the rules, it comes back to that original point, but they have interest in the equity of the bank which differs from other banks. [...] they can’t have economic democratic control because of the fact that the regulatory system doesn’t allow that.” (Interviewee Six)*

**Conclusion Four:** Managers expressed concern that it is difficult to adhere to the Cooperative Principles whilst operating as a cooperative in the financial sector. They refer to the New Zealand banking regulations which they believe conflict with ideas about being able to have truly democratic member control and having members control the capital of the cooperative.

Representative involvement can refer to both union-based forms of participation such as collective bargaining (Doellgast & Benassi, 2014) but also non-union representative forms such as consultative committees (Pyman, 2014) and different kinds of councils including works councils (Nienhüser, 2014, Marchington et al., 1992). Representative participation, both union-driven and management-driven, was found in Cooperative One but not in Cooperative Two. This highlights that all forms of participation in Cooperative Two are management-driven and more direct in nature, though the lack of union presence is not surprising given the cooperative structure. As such, Cooperative Two is arguably a unitarist (Ridley-Duff & Ponton, 2013) organisation where the interests of the employees and organisation are suggested to align.

Comparatively in Cooperative One there were both union-based and non-union based forms of representative participation. The union-based forms included collective bargaining every time the collective agreement was renewed. Also, in Cooperative One there has previously been a Union Council, however this council was disestablished a few years ago. Only one interviewee was able to provide information about this Union Council but could not remember the specific details of when or why it was disestablished. Again, in Cooperative One there were not only union-based but also non-union based forms of representative participation. This illustrates that an organisation can still utilise different forms of representative participation (Marchington, 2005). The non-union representative forms of participation in Cooperative One include a number of different task groups and problem-solving committees, which also refers to upward problem-solving discussed earlier:

*“[...] we have focus groups and project teams [...] they are established to solve problems for people, or to maximise opportunities for the organisation and the members.” (Interviewee Two)*

*“There are a lot of task groups within the company [...] they often do call on a staff member from a branch network to join in to get their perspective [...] when we are upgrading systems, the company needs to ensure that it will function for branch staff...” (Interviewee Five)*

Trade union involvement can go beyond collective bargaining and typically there is union representation in Health and Safety Committees (Walters, 2010; Lamm, 2010; Walters & Frick, 2000; Johnstone, Quinlan & Walters, 2005). As discussed by some interviewees from Cooperative One the systematic health and safety activities do involve the participation of both unions and employees. Although worker participation is a legislative requirement one of the interviewees suggested that effort is put into the area of Occupational Health and Safety as a part of the cooperative nature of the organisation.

*“And another level is health and safety of course, that involves a level of conversation with the union, but also high levels of engagement with the staff around the, through the health and safety committee, through the health and safety reps, that sort of stuff.” (Interviewee Six)*

*“We have health and safety representatives, and a health and safety worker participation committee. But that is not because of a cooperative it is a legal requirement, so we have that and that works particularly well. [...] You know maybe one of the differences, we say it is because of legislation, but to be honest [...] We choose to. You know it is about you know a cooperative difference, to engage and have those conversations. We really want to make our health and safety committee work because we do actually believe that giving people voice will make a difference. So it is not just a compliance thing to tick the box.” (Interviewee Two)*

A partnership between management and unions can refer to a relationship based on mutual gains (Rasmussen et al., 2006; Johnstone, 2014). As was mentioned by one of the interviewees there has been attempts by management to setup such an arrangement in Cooperative One but with little success, due to the disinterest from



the union. In order to hear the opinion of the union in this matter the researcher made several attempts to get in contact with some of the Union Secretaries from the trade union concerned. However, none of those people answered any of the emails or phone calls from the researcher. The quote below is interesting but is only representative of one manager within Cooperative One.

*“[...] we tried to negotiate with the union, and we said we can talk about a partnership relationship [...] But because the union was strongly against the principle of the performance based pay, [...] it didn't go anywhere. [...] They refused to treat [name of the cooperative] as a distinct separate entity with a separate structure, principles and values.” (Interviewee One)*

The researcher finds it remarkable that the union was not interested in developing a partnership with Cooperative One. Possibly this lack of interest can be seen in the context of the New Zealand trade union movement, which only occasionally has been interested in worker participation and co-decision making processes (Rasmussen, 1997). This is in stark contrast to the Scandinavian approach which is based upon dialogue, cooperation and common decisions (Frick, 2011; Thörnquist; Caraker et al., 2014). Although the contextual differences between New Zealand and Sweden are acknowledged, it is the belief of the researcher that employees in New Zealand have largely missed out on opportunities for meaningful participation because of occasional interest for this among unions.

**Conclusion Five:** Representative participation, both union-based and non-union based were found in one of the cooperatives examined. Although the unions were involved with some matters, such as collective bargaining and health and safety committees, it can be noted that the occasional interest among trade unions for worker participation was also found in this study. Anecdotal evidence also suggest that the trade union was not interested in a partnership relationship based on mutual gains with Cooperative One.

### ***The Cooperative Difference***

Two of the interviewees commented that the forms of participation that are put in place in Cooperative One are not there because the organisation is a cooperative, but rather because one could expect such schemes in any Western organisation. This suggests that the second cooperative principle, Democratic Member Control (International Co-operative Alliance, 2016b) does not take into account the dual role of the employees, as both members and employees. Rather the second cooperative principle is adhered to by engaging with the members as outsiders not acknowledging the dual role some employees play as both members and employees.

As discussed earlier, degeneration of a cooperative can happen if a cooperative moves away from its original democratic ideals and becomes more similar to an investor-owned enterprise (Markey, Balnave & Patmore, 2010; Battilani & Schröter, 2012a). If a cooperative becomes more similar to an investor-owned enterprise one could expect to see a shift towards more management-driven forms of participation aligning with good management and good HR-practices (Boxall & Purcell, 2011). This is illustrated in the quotes below.

*“There are a lot of task groups within the company, but you get that in any organisation, there is nothing that is any different that I am aware of.”*  
(Interviewee Five)

*“My view is that because we are a cooperative doesn’t mean to say that we have any other forms of consultation that any other non-cooperatives have in my experience. So we don’t have any special considerations for staff in terms of creative forums because of our cooperative nature. We have what I would consider reasonably orthodox consultation forums...”* (Interviewee Two)

*“Like any other organisation, there is always an open door to any manager, any leader in this organisation, from any other employee. [...] There are no barriers. [...] So that is a normal orthodox western organisational kind of mechanism.”*  
(Interviewee Two)

**Conclusion Six:** It was suggested by two of the interviewees from Cooperative One that they were including forms of participation in their organisation because it was simply good management practice and not because they were a cooperative. Further, the Cooperative Principles in particular number two, might well be adhered to in both the cooperatives examined, however if the employee is also a member of the cooperative they have a dual role. This was not acknowledged by the interviewees. This means that no further calls for worker participation were made as it was assumed that by their current practices, they already adhered to that principle. There does not appear to be recognition by management that some of the employees are members and therefore must be democratically engaged with.

Another noteworthy point raised by one of the interviewees in a managerial position was that employees in non-managerial positions might not find working in a cooperative significantly different to an investor-owned enterprise. Although this does not directly answer the research questions of this study it is of relevance to consider as experiences of working for a cooperative relate to how employees are involved in decision-making processes. During the interview with the non-managerial employee the researcher asked about this. The answer seems to support the initial claim made by the manager. Below are two quotes that express these thoughts.

*“[...] if you were to ask this question to one of the workers in the branches for example then I am not sure they would say there is a big difference because [...] getting a relationship with the workers and with the unions which reflected the differences of a cooperative was extremely difficult. So if I was a staff member in a branch then I probably, would say [...] that they really enjoyed working there [...] But in terms of wages and other conditions, our negotiations, and our relationship with the union, there was not a difference.” (Interviewee One)*

*“[...] from my perspective, I came from a senior position at [name of organisation] and work at the [name of cooperative] [...] was a huge difference in the way we interacted with our customers, how we talked about business, what the purpose of our business was, and how we interacted with the board was very*

*different. It was far more a serving organisation rather than a profit maximising organisation. [...] So in that sense it was very different yes.” (Interviewee One)*

*“Researcher: If you think of any previous, I mean outside of the cooperative, when you have been working, have you been working for any investor owned organisations, and then coming to the [name of the cooperative] you are noticing a big difference [sic], or is it like any other type of job?*

*Interviewee: Well I didn’t notice any difference, no.*

*Researcher: So it is a workplace like any other?*

*Interviewee: Yeah, that is right.” (Interviewee Five)*

Difficulties faced by the cooperative and employees in non-managerial positions not perceiving any difference working for a cooperative, shows that there could be signs of a potential degeneration of this cooperative (Markey et al., 2010; Battilani & Schröter, 2012a). The cooperative difference does not seem to be present in regards to experiences of working for this cooperative. In saying that, these indicators would have to be followed up with further research before any claims can be made with certainty.

**Conclusion Seven:** It is apparent that many of the participants do not believe that working for a cooperative is much different to working for any other type of organisation unless you are in a management position. If you are at this level, it is more likely that the cooperative difference is apparent.

## **Range of Issues**

This section outlines the range of issues that participatory schemes are concerned with to employees within the examined cooperatives. Key authors in this area discuss three main levels of participation (operational, organisational, and strategic) and that management-driven forms of participation focus mostly on the operational and the organisational range of issues. Management-driven forms of participation do not always encourage worker participation on strategic matters as this is seen to be reserved for management (Wilkinson et al, 2014; Caraker, et al. 2014) and relates to the question of power-sharing (Pateman, 1970; Lukes, 1974; Lukes, 2005). Of the two cooperatives examined, Cooperative Two had only

management-driven forms of participation in comparison with Cooperative One where both management-driven and employee-driven forms of participation were present. What is of interest is that despite Cooperative Two only having management driven forms of participation, the cooperative actively sought input from the employees on strategic matters. This is contrary to what the literature suggests, as manager-driven forms of participation in the literature are suggested to be concerned only with operational and organisational matters. In Cooperative One, where there is union presence, there was limited indication that the employees were involved on a strategic range of issues. The researcher is led to believe that the presence of a union does not determine the range of participation on offer. This will be discussed in further detail below where each cooperative will be discussed individually to show the differences between union presence and management-driven forms of participation.

Given the guiding Cooperative Principles adopted by the International Cooperative Alliance (2016b), one might expect that in a cooperative, irrespective of what type of cooperative it is, employees would be given extended opportunities to participate at higher levels including the strategic level. Furthermore, when there are management-driven forms of participation the literature suggests that participation at higher levels such as strategic matters is uncommon.

In Cooperative One there are different management-driven forms of participation put in place and they are all primarily concerned with issues on either an operational or organisational level. This confirms what the literature suggests. Although strategic matters are mentioned in the first quote below, no further examples were given by other interviewees. This focus on operational and organisational range of issues could indicate that strategic range of issues are seldom a matter that employees are invited to have a say on. Further, the different forms of participation in Cooperative One are put in place to solve particular problems only, and arise when input is needed from the employees. This shows that participation is not about democratisation of working-life but rather used at managements' discretion. This can be seen as *partial participation*, using the classification by Pateman (1970).

*“Those could relate to staff issues, [...] operational as uniforms, it could refer to pay, it could refer to strategic direction. We would test it with people and get their feedback.” (Interviewee One)*

*“... we have focus groups and project teams, but they are not established to consult, they are established to solve problems for people, or to maximise opportunities for the organisation and the members. [...] It is not consultation for consultation sake, it is around solving a problem.” (Interviewee Two)*

*“There are a lot of task groups within the company [...] they often do call on a staff member from a branch network to join in to get their perspective [...] when we are upgrading systems, the company needs to ensure that it will function for branch staff...” (Interviewee Five)*

In Cooperative Two there is no union representation and all forms of participation are management-driven. As discussed above and as noted in the literature, management-driven forms of participation are different to notions of industrial democracy as they are more focused on organisational efficiency and productivity (Wilkinson et al., 2010; Harley et al., 2005; Wilkinson et al., 2013). This implies that management-driven forms of participation are primarily concerned with involving employees on operational and organisational range of issues (Caraker et al., 2014). In Cooperative Two the forms of participation are indeed concerned with involving employees on both operational and organisational matters. However it was also found that management seeks the input of employees on strategic issues as well, which is contrary to what the literature suggests. Input to the strategic matters are sought through an annual survey, which is distributed to both the members and employees of the cooperative. This is illustrated in the quote below.

*“[...] as part of our annual strategic planning process, the questionnaires that we send out to our members to ask them on what we should be doing, we send a similar version out to all of our staff, and we ask all of our staff to complete that questionnaire. [...] there is not a conscious weighting of whose view is more important, and what we tend to find is that the views are broadly aligned. [...]*

*where you will get differences would be simply from their perspectives. So staff may focus on operational matters that they are most closely involved with [...] other staff might be blue sky strategic thinking [sic] ...” (Interviewee Four)*

The employees of Cooperative Two are not only invited to have input on strategic matters, but they also get access to commercially sensitive information. The decision to share such information has been made by the CEO of the cooperative and has been based on a belief that in order for employees to work towards the goals of the organisation they also need to know in which direction the organisation is working towards. Such assumptions are similar to an HRM perspective on participation, which is ultimately about aligning the interests of management and employees in order to improve the productivity and bottom line of the organisation (Wilkinson et al., 2010; Wilkinson, Dundon, Donaghey & Freeman, 2014). This quote explains why the employees of Cooperative Two are given commercially sensitive information:

*“Interviewee: I would say that as an organisation we are a very open organisation, we share a lot of commercially sensitive information which we know is definitely commercially sensitive and we wouldn’t want out there in the market place, but we share that with our staff in a very open way. [...] there is a high degree of trust in the communication that we share [...] we share all the information from the management team down to everyone who works in the call centre to our operational teams. They all know what is going on.*

*Researcher: And why have you decided that that is a good way to do it?*

*Interviewee: [...] it was a conscious decision of our CEO, I think that is the open style that he wants to have with the organisation, one that is based on trust and respect, [...] the more people who understand what we are trying to do then the more people [...] are able to support what we are doing. If you don’t know what the organisation is doing then it is hard to contribute as much as if you do know.” (Interviewee Four)*

The range of issues that the employees in the two cooperatives examined can participate in varies between operational, organisational and strategic. Contrary to what the literature suggests regarding management-driven participation, it was

indicated that employees indeed could have an input at the level of strategic issues in Cooperative Two. As discussed earlier, Cooperative Two does not have collective agreements or any recognised union within the workplace. It is suggested by the researcher that Cooperative Two is more of a unitarist organisation. It is therefore even more surprising that employees of Cooperative Two are invited to have a say not only on operational and organisational but also on strategic matters.

**Conclusion Eight:** The employees within Cooperative Two were invited to have a say over strategic matters. As suggested in the literature management-driven forms typically include a range of participation that only includes operational and organisational. Therefore, the findings from Cooperative Two contradict what is suggested. Interestingly, this cooperative did not have a union and yet still facilitated participation on a wider range of issues include strategic matters.



## **Limitations of the Study**

The answers provided by the interviewees were prompted by the questions being asked of them. This presents a limitation to this study as their answers may not be representative of their organisations and customer-owned cooperatives in the financial sector. Further, it was initially planned by the researcher to conduct a survey. However, as discussed in the methodology, this did not happen so the answers are in majority from managers. As this study is about worker participation it would have been of relevance to hear the perspective of the workers. The employees were unable to participate in this study because management did not approve of it. It is acknowledged that this may offer a skewed perspective on participation in the cooperatives. Further, the total number of interviews added to a small sample size. For this reason, the researcher was reluctant to draw any general conclusions but instead suggest that the findings are initial or explorative in nature.

## **Directions for Future Research**

Because much of the research on worker participation in cooperatives looks at worker-owned, further research is required to gather more information about how worker participation takes place in other types of cooperatives. It would be of benefit to gain the perspective of the workers, and therefore a more thorough case study would offer a more balanced view.

Marchington and Wilkinson (2005) offer a framework for examining worker participation in organisations. The researcher, in this study was limited to focusing on two of the four elements of this framework. To gain greater insight into worker participation, it may be of use to include all four elements to a greater degree, including degree and level. The degree indicates the extent to which workers can participate; whether they are informed, consulted or actually have the control in decision-making processes. This was only briefly discussed in this study. The level of participation refers to the position an individual holds within an organisation and gives an idea about how inclusive organisations are of all employees. This was not discussed in this study.

There are indications in the literature that the role of unions in cooperatives is complicated and therefore it would be interesting to explore this relationship in more depth. The body of literature into worker participation would benefit from a study that fully explored why unions in New Zealand have traditionally shown little interest in worker participation.

## **Summary**

The research questions were designed to understand the forms of participation that were occurring in the two cooperatives and what range of issues the employees had a say over. It was found that management-driven forms of participation were most commonly found and that most forms (downward, upward, and financial) were management-driven. This is consistent with the literature which stated that management-driven forms have become more popular recently. They have become more common during a time where union presence is decreasing. There has typically been confusion over the role that unions have played in cooperatives, however this was not confirmed in this study. Of the two, one cooperative had a union and the other did not. In Cooperative One, where there was a union, no confusion was alluded to when this issue was raised. The union presence in Cooperative One did not mean that employees were given a say over strategic matters.

Further, the literature suggested that management-driven forms of participation include only operational and organisational range of issues. However, in Cooperative Two, where there were only management-driven forms of participation the employees were given a say on strategic issues in addition to organisational and operational issues.

Overall it was found that worker participation was put in place because of the managers and not because the organisation was set up as a cooperative. They put it down to good management practice, this suggests that the forms of participation in the cooperatives are more reflective over the managers that are there, not the fact that it is a cooperative. In both cooperatives, the employees had higher levels of influence rather than control over the decisions made. Further, they believed that unless you are in a managerial position the difference of working for a cooperative is minor.

This may be because the Cooperatives studied were operating in the financial sector and bound by New Zealand banking regulations. Participants noted that these regulations required the cooperative to have decisions made at a senior management level and have control over the capital and financial decisions. This is conflict with particularly the Cooperative Principles two and three which require a cooperative to have democratic member control and member economic participation. Despite this apparent conflict, Cooperative One distribute their profits back to their members, some of which are employees, through rebates. Although this can be seen to tick the box for Cooperative Principle three, they do it to maintain a high credit rating.

Operating as a cooperative in today's market is not easy. The pressures to compete with other organisations has potentially turned the focus away from their social requirements and more towards their ability to compete financially. This may be one reason why worker participation was mostly implemented to improve organisational performance rather democratising working-life.

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## Appendix One – Table One

### Literature Informing Research Questions

Question to interviewees	Literature suggest	References
Thinking about working in a cooperative. Could you please tell me what it means to you to work in a cooperative? (Is this special, or different to working for another type of organisation?)	Divide between capital and labour in that the interests of management would differ from the interests of employees. However if you are the owner as well as an employee the interests should align	Rock, C. P. & Klinedinst, M. A. (1992). Worker-managed firms, democratic principles, and the evolution of financial relations. <i>Journal of Economic Issues</i> . 26(2), 605-613.
On what level of matters can employees participate in decision-making/have a say (operational, organisational, strategic)?	Employees can be consulted on matters from different levels, e.g. operational, organisational, or strategic.	Caraker, E., Jørgensen, H., Madsen, M. O., & Baadsgaard, K. (2014). Representation without co-determination? Participation and co-determination for semi-professional shop stewards in the collective participation system in Denmark. <i>Economic and Industrial Democracy</i> , June, 1-27.

<p>When talking about worker participation, there are different forms (such as direct between workers and managers/management; or representative through unions). There can also be different types of schemes (eg. joint consultation, quality circles, task forces, autonomous work groups, collective bargaining, co-management/co-determination). Thinking about the cooperative, which forms and types of schemes of worker participation exist?</p>	<p>Direct participation: Typically managerially driven schemes. Information, communication, consultation between employers and workers.</p> <p>Representative participation: Typically based on union representatives elected by the workers representing the workers. But can also be non-union based, eg. Joint Consultative Committees (JCCs)</p>	<p>Wilkinson, A., Gollan, P. J., Marchington, M., &amp; Lewin, D. (2010). "Conceptualizing employee participation in organizations". In Gollan, P. J., Lewin, D., Marchington, M., &amp; Wilkinson, A. <i>The Oxford handbook of participation in organizations</i> (p 3-25). Oxford, United Kingdom: Oxford University Press.</p> <p>Busck, O., Knudsen, H., &amp; Lind, J. (2010). The transformation of employee participation: consequences for the work environment. <i>Economic and Industrial Democracy</i>, 31(3), 285-305.</p> <p>Dundon, T., Wilkinson, A., Marchington, M., &amp; Ackers, P. (2004). The meaning and purpose of employee voice. <i>International Journal of Human Resource Management</i>, 15(6), 1149-1170.</p>
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<p>Are there any financial participation schemes put in place for staff members (as staff members, not customers) of the cooperative? (profit-sharing, employee share ownership/ESOP, performance-based pay/bonuses)</p>	<p>In order to align the interests of the employees with the owners there are different ways that financial participation schemes can be introduced. One type is by profit-sharing, where the employees for example can get a bonus or performance-based pay. Another option is to create Employee Share Ownership Plans (ESOP) where employees own a part of the enterprise.</p> <p>However some evidence indicates that e.g. ESOP not always associated with increased sense of ownership among employees.</p>	<p>McCarthy, D., Reeves, E., Turner, T. (2010). Can employee share-ownership improve employee attitudes and behaviour? <i>Employee Relations</i>, 32(4), 382-395.</p> <p>Wilkinson, A., Marchington, M., Goodman, J., &amp; Ackers, P. (1994). ESOP's fables: a tale of a machine tool company. <i>The International Journal of Human Resource Management</i>, 5(1), 121-143.</p> <p>Mygind, N. (2012). Trends in employee ownership in Eastern Europe. <i>The International Journal of Human Resource Management</i>, 23(8), 1611-1642.</p> <p>Rock, C. P., &amp; Klinedinst, M. A. (1992). Worker-managed firms, democratic principles, and the evolution of financial relations. <i>Journal of Economic Issues</i>, 26(2), 605-613</p> <p>Kozłowski, M. (2013). Employee participation in profit and ownership - impact on work efficiency. <i>Comparative Economic Research</i>, 16(1): 71-86.</p>
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Are you currently running any employee surveys? E.g. to get an idea about how the employees perceive their work situation, level of autonomy, opportunities to have a say in decision-making?	Engagement surveys	
Thinking about the employees of the cooperative, where the employees to a great degree also are the members/owners, what role has the union to play?	In conventional or investor-owned enterprises employees often have distinct and often, if not always, opposed interests to those of the owners. In these organisations the role of the union is often to provide collective bargaining for the workers, as a counter-balance to the interests of the owners. By contrast if the employees also are the owners this relationship is changed.	Pendleton, A., Robinson, A., & Wilson, N. (1995). Does employee ownership weaken trade unions? Recent evidence from the UK bus industry. <i>Economic and Industrial Democracy</i> , 16. 577-605.
What interests has the union promoted when representing the employees of this cooperative? Has it been the interests of ownership (and profitability) or the interests of employees (including concern for employment security, wages etc)?	Some evidence that trade unions have not been successful in cooperatives. Confusion of role, whether the union should represent their members as employees and/or owners.	Pendleton, A., Robinson, A., & Wilson, N. (1995). Does employee ownership weaken trade unions? Recent evidence from the UK bus industry. <i>Economic and Industrial Democracy</i> , 16. 577-605.
<b>7 Cooperative Principles</b>	Seven Cooperative Principles have been adopted by the International Cooperative Alliance and serves as a guide for all cooperatives worldwide.	Fici, A. (2012), <i>Cooperative identity and the law</i> , Euricse Working Paper, N.023   12.

<p><b>#1 Voluntary and Open Membership</b></p> <p>Q. Who can become a member of this cooperative?</p>	<p>Cooperatives are voluntary organisations. They are open to everyone that can use their services and is willing to accept any responsibilities that comes with the membership. No discrimination shall be made based on gender, social, racial or political belonging.</p>	<p>International Cooperative Alliance. (2016a). ‘What is a cooperative?’. Information retrieved January, 11th, 2016 from <a href="http://ica.coop/en/what-co-operative">http://ica.coop/en/what-co-operative</a></p>
<p><b>#2 Democratic Member Control</b></p> <p>Q. In your opinion, to what extent would you say that the cooperative is a democratically run organization?</p> <p>Q. Which avenues are given to the members to have a say about how the cooperative is run?</p> <p>Q. Over what questions do have the members the decision-making power? (operational, organisational, strategic)</p> <p>Q. What does the voting rights look like? (eg. One member one vote?)</p>	<p>Cooperatives are democratically controlled by its members. The members are the one that set the goals and make the decisions of in which direction the cooperative should act. Elected members are serving the cooperative and these elected representatives are also accountable to the membership for their actions. Typically the principle of one member one vote is applied in cooperatives.</p>	<p>International Cooperative Alliance. (2016a). ‘What is a cooperative?’. Information retrieved January, 11th, 2016 from <a href="http://ica.coop/en/what-co-operative">http://ica.coop/en/what-co-operative</a></p>

<b>#3 Member Economic Participation</b>	<p>The capital of the cooperatives is owned and democratically controlled by its members. At least part of that capital is the common property of the cooperative. Surpluses in a cooperative can be used to further develop the cooperative e.g. by increasing the capital/reserves of the cooperative. Surpluses can also be distributed to members. This distribution would be in proportion to each members transactions with the cooperative. Further, surpluses can be used to finance activities sanctioned by the membership.</p>	<p>International Cooperative Alliance. (2016a). ‘What is a cooperative?’. Information retrieved January, 11th, 2016 from <a href="http://ica.coop/en/what-co-operative">http://ica.coop/en/what-co-operative</a></p>
<p>Q. How do members contribute equitably to and democratically control the capital of the cooperative?</p>		
<p>Q. How are any surpluses distributed?</p>		

<p><b>#4 Autonomy and Independence</b></p> <p>Q. In your opinion, how independent would you say that this cooperative is?</p> <p>Q. Does this cooperative have any agreements with government, agencies, other organisations? How does this impact the independence of the cooperative?</p> <p>Q. Being a financial cooperative, does this cooperative rely on loans from other credit/financial institutions? How does this impact the independence of the cooperative?</p>	<p>Cooperatives are autonomous organisations controlled by its members. If a cooperative enters into agreements with other organisations, for example to raise capital, attention should be given to this principle in order for the cooperative to remain autonomous and not reliant on any other organisation.</p>	<p>International Cooperative Alliance. (2016a). ‘What is a cooperative?’. Information retrieved January, 11th, 2016 from <a href="http://ica.coop/en/what-co-operative">http://ica.coop/en/what-co-operative</a></p>
<p><b>#5 Education, Training and Information</b></p> <p>Q. What training or information activities for members, workers and/or the general public about cooperative business has been organised?</p> <p>Q. What content did these information/training occasions include?</p>	<p>Cooperatives provide education, training and information about its cooperativeness to their members as well as to the general public.</p>	<p>International Cooperative Alliance. (2016a). ‘What is a cooperative?’. Information retrieved January, 11th, 2016 from <a href="http://ica.coop/en/what-co-operative">http://ica.coop/en/what-co-operative</a></p>

<p><b>#6 Co-operation among Co-operatives</b></p> <p>Q. In what ways is/has the cooperative is/been working for strengthening local, national, regional and international structures of cooperatives?</p>	<p>Cooperatives work to strengthen the cooperative movement between other cooperatives. Such activities can be on a national, regional and international level.</p>	<p>International Cooperative Alliance. (2016a). ‘What is a cooperative?’. Information retrieved January, 11th, 2016 from <a href="http://ica.coop/en/what-co-operative">http://ica.coop/en/what-co-operative</a></p>
<p><b>#7 Concern for Community</b></p> <p>Q. In what ways does the cooperative play an active role in the support and concern for the local community?</p>	<p>Cooperatives are concerned for its community. Cooperatives may engage in activities aimed at a sustainable development of their local communities.</p>	<p>International Cooperative Alliance. (2016a). ‘What is a cooperative?’. Information retrieved January, 11th, 2016 from <a href="http://ica.coop/en/what-co-operative">http://ica.coop/en/what-co-operative</a></p> <p>MacPherson I. (2012), <i>“Cooperative’s concern for the community: from members towards local communities’ interest”</i>, Euricse Working Paper n. 46</p>

## Appendix Two - Participant Information Sheet

# Participant Information Sheet



### Date Information Sheet Produced

04.06.2015

### Project Title

What Did You Say? Worker Participation in a New Zealand Cooperative.

### An Invitation

Greetings! My name is Ronny Tedestedt and I am enrolled as a Masters student in the field of Employment Relations at Auckland University of Technology (AUT University). I would like to invite You to participate in this study that is about what opportunities workers in a cooperative have to participate in decision-making. Please read the information in this document carefully. If you have any questions I am more than happy to answer those via e-mail. My contact details are found at the last page.

Remember that if you decide to participate in this study your involvement is completely voluntary and you may withdraw at any time prior to the completion of data collection.

### What is the purpose of this research?

The aim of this study to explore and investigate the processes of decision-making in a cooperative and what role(s) workers are being given within these processes. In particular this study aims to explore what opportunities workers are given to participate (including direct/indirect, financial/non-financial participation) and whether they have influence or control in the decision-making. This study will also investigate on what levels (operational, organisational, or strategic) workers have control or influence.

This study is a part of the qualification Master of Business (MBus) at AUT University. As a result of this study a thesis will be published, as well as academic peer-reviewed articles. Both the thesis and the articles will be available at the Library at AUT University. Presentations with findings from this study will take place both at and outside of the university for academics and industry key stakeholders. If you wish to attend any of these events please let me know.

**How was I identified and why am I being invited to participate in this research?**

You have been identified because you are a worker of the cooperative that has been chosen for the purpose of this study. Since the aim of this study is to hear from workers in a cooperative you have been sent this invitation. Not only you but also all other workers of the cooperative has been sent this invite. Your email address has not been given to me but the information has been forwarded on by a senior staff member of the cooperative who is informed about this study.

The reason I am sending this invitation to you is that I believe that you are a worker of this cooperative (as an employee, contractor or sub-contractor) and have worked for the cooperative (part-time or full-time) for at least the 12 last months.

**What will happen in this research?**

This research involves interviews with workers in both managerial and non-managerial positions within the cooperative. The interview will be audio-recorded and transcribed. The questions will be centred around what opportunities to participate in consultation and decision-making are given to workers within the cooperative.

You will be interviewed by me as the researcher and, if you agree, the interview will be recorded. The information collected will be listened to and transcribed by a transcriber, under strict confidentiality. The results will be presented in the form of a thesis.

**What are the discomforts and risks?**

I do not expect there to be any discomforts for you during this interview. Your participation will involve an interview lasting approximately 60 to 90 minutes. You can pause or stop the interview at any time. You will also be given an opportunity to view and comment on the interview transcript that will be typed up from the recording.

**How will these discomforts and risks be alleviated?**

Your confidentiality is assured. You can withdraw from this study at any time during data collection. If you choose to do so all data pertaining to your participation will be destroyed. If you are uncomfortable, doubtful or adverse to any question you may choose not to answer it.

**What are the benefits?**

This research will contribute to a better understanding of what opportunities for worker participation are given in a cooperative. It will also contribute to a better understanding of what it means to work in a cooperative, from the perspectives of workers.

**How will my privacy be protected?**

Your privacy will be protected at all times, it is very important in this study. The information gathered from you as a participant will be used for the purposes of my thesis. All information will be de-identified and your personal data remain confidential. In order to achieve privacy and confidentiality, the interview and audio file will be identified only by a code.

If you rather would like to have the interview at another place other than at your workplace we can arrange this (for example at a café or at the premises of AUT University). You will have the opportunity to read through the transcripts from your interview. If you find anything that can threaten your privacy you can simply notify me and that section will be taken out. Any changes or withdrawal of data should be made before the end of data collection.

Although these above steps will be taken only limited confidentiality can be guaranteed. This is because the sample of this study is rather small (about 5-7 people) and the majority will be from one branch.

I am under no legal obligation to report any information that you discuss with me during the interview. If something is thought to be harmful I may be required to point this out to you but it will be discussed outside the interview.

**What are the costs of participating in this research?**

The interviews will take approximately 60 to 90 minutes of your time.

**What opportunity do I have to consider this invitation?**

If you are interested in participating, please contact me regarding your participation. You may contact me at any time with questions about this research.

If I don't hear from you in two weeks time a reminder will be sent out.

**How do I agree to participate in this research?**

In order to participate you need to read this Participant Information Sheet fully and agree to it. If you agree to participate, you can reply to the email address of the Researcher at the base of this form. When I receive your email I will arrange a suitable interview time and place with you. A consent form is attached and at the interview you will need to sign and hand it to me.

**Will I receive feedback on the results of this research?**

The final thesis will be available for the public at the AUT University library. If you ticked that you want to receive a copy of the research on the consent form provided an electronic copy of the research results will be sent to you.



**What do I do if I have concerns about this research?**

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Professor Erling Rasmussen, [erling.rasmussen@aut.ac.nz](mailto:erling.rasmussen@aut.ac.nz) +64 9 921 9999 ext 5916

Concerns regarding the conduct of the research should be notified to the Executive Secretary of ATEC, Kate O'Connor, [ethics@aut.ac.nz](mailto:ethics@aut.ac.nz), 921 9999 ext 6038.

**Whom do I contact for further information about this research?**

***Researcher Contact Details:***

Ronny Tedestedt

[ronny.tedestedt@aut.ac.nz](mailto:ronny.tedestedt@aut.ac.nz)

***Project Supervisor Contact Details:***

Professor Erling Rasmussen

[erling.rasmussen@aut.ac.nz](mailto:erling.rasmussen@aut.ac.nz)

+64 9 921 9999 ext 5916

**Approved by the Auckland University of Technology Ethics Committee on  
30 June 2015, ATEC Reference number 15/190**

## Appendix Three - Consent Form

### Consent Form



Project title: What Did You Say? Worker Participation in a New Zealand Cooperative.

Project Supervisor: **Prof. Erling Rasmussen**

Researcher: **Ronny Tedestedt**

- ☐ I have read and understood the information provided about this research project in the Information Sheet dated 04/06/2015.
- ☐ I have had an opportunity to ask questions and to have them answered.
- ☐ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- ☐ I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- ☐ If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.
- ☐ I agree to take part in this research.
- ☐ I wish to receive a copy of the report from the research (please tick one): Yes ☐ No ☐

Participant's  
signature:.....

Participant's name:  
.....

Participant's Contact Details (if appropriate):  
.....  
.....  
.....

Date:

*Approved by the Auckland University of Technology Ethics Committee on 30<sup>th</sup> of June 2015*

*AUTEC Reference number 15/190*

*Note: The Participant should retain a copy of this form.*