



TOWARDS A TRIPLE-BOTTOM LINE PERFORMANCE MODEL: THE CASE OF WORKER CO-OPERATIVES

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Abstract:

This study, carried out in Britain, sought to find out the triple-bottom line performance initiatives adopted by worker co-operatives and to determine the level of satisfaction with their performance as an indicator for effective achievement of objectives. Although survey questionnaires were the main instrument for primary data collection, semi-structured follow-up interviews were also conducted to supplement the method. The study found out that apart from the achievement of the economic and social well-being of members, worker co-operatives have also responded effectively to the social challenges of their communities by trying to solve the problems of unemployment and social exclusion. Some of their objectives include democratization of the work place; integration of the marginalized members of the society; fair trade and environment conservation. The study also found out that worker co-operatives seek to promote the fullest possible participation in the economic and social development of groups of people who have hit her to encountered economic difficulties within the existing economic infrastructure that is not able to provide them with opportunities.

JEL: E24, J24, O15

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1. Introduction

Triple-bottom line performance initiatives are concerned with the impact of present actions on the ecosystems, societies, and environments of the future. The initiatives are

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reflected in the strategic planning of sustainable corporations and operationalized through the adoption of a long-term focus and a more inclusive set of responsibilities focusing on ethical practices, employees, environment, and customers. Triple-bottom line performance initiatives have led to the adoption of integrated reporting regarding entities' financial, environmental, social, and governance performance in many countries including South Africa, France, Germany, United Kingdom and many European Union countries. These countries have witnessed a high degree of integrated reporting by entities and a high level of investor interest in non-financial performance metrics.

Co-operatives are formed to provide goods and services, create employment, and stimulate community development. Their goals therefore include not only economic but also social and environmental objectives such as overcoming poverty, securing productive employment and encouraging social integration. Co-operatives can help communities to take control of their lives and livelihoods in the face of globalization, competition and the concentration of power in the hands of few multinational corporations (Stefanson, 2002). They are enterprises with both economic and social goals. They aim to give people control over their lives and democratize the process of work. It is not surprising therefore that in 2002, the General Assembly of the United Nations passed resolution 56/114 recognizing that "co-operatives promote the fullest possible participation in the economic and social development of all people, including women, youth, older persons and people with disabilities, and are becoming a major factor of economic and social development (United Nations, 2002a).

2. Literature Review

Organizations implementing triple-bottom line performance initiatives have been found to register higher financial performance compared to those that do not engage in such practices (Ameer & Othman, 2011). Such organizations regard businesses as having ethical responsibilities to their shareholders, employees, customers, suppliers, and the community (Freeman, 1984). This idea of multiple stakeholders provides incentives for companies to work toward sustainable development (Wilson, 2003). As such, in order to maintain 'legitimacy' in the eyes of multiple stakeholders, companies are required to integrate within their strategies actions relating to community, employees, environment, and consumer issues, which result from their continuous interactions with these stakeholders. If integrated with organizational strategy, triple-bottom line performance initiatives create long-term value to an organization (Porter and Kramer, 2006). The strategic integration of these initiatives embeds sustainability into organizational decision making, promotes better resource allocation, and forms the

basis for integrating sustainability reporting with traditional financial reporting (Accounting for Sustainability 2011; Adams et al. 2011).

United Nations World Commission on Environment and Development (WCED), in its report, *Our Common Future*, defines sustainability as the development that 'meets the needs of the present without compromising the ability of future generations to meet their needs' (WCED, 1987). The report stresses on the *equity between generations* and *equity within generations* and argues that the goals of economic and social development must be defined in terms of sustainability in all countries – developed or developing, market-oriented or centrally planned (WCED, 1987).

According to Fairbairn (2003), "*changing times make it critical to find new and renewed ways of understanding and expressing co-operative approaches to business and society*" (p.1). The 'dualistic' role (social and economic) of co-operatives makes this task an onerous one. While their competitors, the conventional corporations, have only one clear economic objective of profit maximization, co-operatives usually have social and environmental bottom lines in addition to the financial one (Fairbairn 2003). Return on capital is not the sole driver but rather the drivers are a matrix of concerns such as financial sustainability, high quality work places, and support for the future of the broader community. In fact, co-operative enterprises consider profit maximization as a means of achieving their common objective of economic and social promotion and not as the ultimate objective of entrepreneurship (Pflimlin 1996). Davies (1996) argues that "*the co-operative social dimension is itself a commercial asset of central importance in the development of ...marketing, human resource, and service / product delivery strategies*" (1). Co-operatives, therefore, bridge the economic and the social needs of members by providing employment and income-generating business opportunities.

Co-operatives fight for social and economic integration and equal opportunities. They fight against marginalization and social exclusion. Enterprises within a community that enjoys a high standard of living arising from more employment opportunities and more social benefits are more likely to be commercially successful. According to Levin (1984) "*the organization behaviour of producer co-operatives tends to create more jobs per unit of output and to require less capital for the creation of each job than do the underlying dynamics of capitalist firms*" (p.21). He reports that the same level of investment in large industrial worker co-operatives creates four times as many jobs as in comparable capitalist firms.

Co-operatives are social economy enterprises. According to the Western Economic Diversification Canada (2005), the term social economy refers to an entrepreneurial, not for profit sector that seeks to enhance the social, economic and environmental conditions of communities. Western Economic Diversification Canada (2005) adds that apart from the private sector and government, the social economy

includes co-operatives, foundations, credit unions, non-profit organizations, the voluntary sector, charities and social economy enterprises. Also that they operate in sectors ranging from housing to communications and in areas such as recycling, home care, forestry co-operatives, restaurants, catering and manufacturing. Social economy enterprises are a component of the social economy that are run like businesses, producing goods and services for the market economy, but manage their operations and redirect their surpluses in pursuit of social and environmental goals. Common objectives for social economy organizations include alleviating poverty, providing affordable housing, improving employment and economic opportunities, addressing environmental concerns and providing access to services and programs that can assist individuals and groups to improve their personal circumstances (Western Economic Diversification Canada, 2005).

Social Economy entities spring from the economic and social needs of their members. Their primary purpose is not to obtain a return on capital. They are, by nature, part of a stakeholder economy, whose enterprises are created by and for those with common needs, and accountable to those they are meant to serve. They are generally managed in accordance with the principle of "one member, one vote" and are flexible and innovative since they are created to meet changing social and economic circumstances (The European Commission, 2005).

Co-operative organizations provide suitable environments for progressive social change since by their very nature they promote participation and teamwork thereby empowering their worker-members. Stiglitz (2002) points out that participation leads to better results because it encompasses transparency, openness and voice at the workplace. Also, given that co-operatives are people's organizations, they respond to the social challenges of their communities thereby promoting social integration. Social care co-operatives like child-care and elderly-care co-operatives and co-operatives of the disabled have become a prominent part of the co-operative movement. Co-operatives also offer unique services that are less commonly found in other forms of private services. Those created specifically for the needs of the local community, are better able to guarantee the quality of services and to create a system of trust between the consumers and the producers (Borzaga & Maiello, quoted in Wylie, 2001). They are active members of the community and contribute to the social health of the community in ways that private or public sector enterprises are not able to do (Wylie, 2001). The co-operative model offers a number of unique attributes that are not seen in other forms of economic organizations. Shaffer (1999) has argued that co-operatives offer group harmony in problem solving, democratic participation, social equality, development of leadership, and solidarity. "New Wave" co-operatives emphasize the social side of co-operative activities, such as the promotion of healthy living alternatives, environmental

responsibility, and services for social services disadvantaged groups (Lawless and Reynolds, 2004; Wylie, 2001; Shaffer, 1999).

Co-operativism is seen as a social process through which to over-come social inequality and to reduce class exploitation. In many cases, co-operatives emerged as a response to the inequalities brought about by the industrial revolution. Other marginalized groups have continued to see the co-operative model as a means to collectively overcome systemic injustices (Lawless and Reynolds, 2004; Wylie, 2001; Shaffer, 1999). Researchers (Fairbairn, 2003; Spear, 2002; Lawless and Reynolds, 2004; Wylie, 2001) argue that co-operatives offer a more feasible model for social service development because they are more responsive to the needs of the community. Most co-operative organizations are formed because of a desire among members of the community to provide a service they do not have access to. They are a model through which to identify community needs and provide those services, while at the same time offering meaningful economic and employment opportunities for members of the community (Fairbairn, 2003; Spear, 2002; Lawless and Reynolds, 2004; Wylie, 2001). Co-operatives also offer economic democracy through the principle of a common sharing of power. This model allows for equal participation on the decision-making process, regardless of the economic position of the various members involved. The focus on developing group solutions to economic problems is an empowering experience for people facing common problems.

Since in most European societies, welfare states are under significant transition due to both downsizing and the lack of responsiveness to the needs of communities, opportunities for co-operatives to take up the responsibility of social service provision have increased. Governments are also showing increased interest in the possibility of co-operatives as more cost-effective health and social care delivery models (Spear, 2002; Lawless and Reynolds, 2004; Wylie, 2001). Governments have begun to recognize the importance of community-based services with higher participation of the citizenry in improving overall health and social well-being (United Nations, 1997). The general population is similarly showing an increased interest in co-operative enterprises as better able to promote community and individual responsibility in the provision of services. There has been a growth in interest in developing co-operative enterprises to respond to the crisis in welfare state services (United Nations, 1997).

Worker co-operatives, in particular, are entities that are owned and controlled by their members, the people who work in them. In a worker co-operative, workers own their jobs, and thus have not only a direct stake in the local environment but the power to decide to do business in a way that is sustainable. The worker co-operative movement is therefore increasingly recognized as part of the larger movement for sustainability. Worker co-operatives tend to create long-term stable jobs, sustainable

business practices, and linkages among different parts of the social economy. Each member of a worker co-operative becomes an owner with rights and obligations, including participating in workplace decisions, contributing labor and skills, and receiving an equitable share of profits. A central element of the worker co-operative business model is that labour should hire capital rather than that capital should hire labour (Cockerton *et al.*, 1980).

The ideological breadth and strength of the new worker co-operatives originated from three parallel waves that were sweeping across the co-operative landscape in the 1970's. First, there were a few philanthropic business owners like Ernest Bader who, in the tradition of the nineteenth century Christian Socialists, converted their businesses to co-operatives, aiming to institutionalize what they felt to be the best aspects of management practices and industrial relations in their family businesses (Thomas, 1988). Although few in number, they did promote a particular model for worker co-operation, namely that of common ownership, in which, the workers own and control the business. Shareholding is purely nominal, and the assets of the business are owned in common.

The second new wave consisted of worker takeovers of failing businesses, or parts of them. These were seen by many of the active participants as a way of putting into practice the ideals of workers' control, as well as simple attempts to save jobs in declining industries. The three Tony Benn co-operatives formed in 1974-5 in Britain were the best known of these worker take-overs although rescues or phoenix co-operatives are still an important part of the worker co-operatives. The Tony Benn co-operatives were set up to rescue failing businesses when Tony Benn was Secretary of State for Industry in the British Labour Government of the 1974 -1975. These included the Scottish Daily News in Glasgow, Kirkby Manufacturing and Engineering in Kirkby and the Meriden Motocycles.

Finally, there were 'alternativist' collectives, mainly in wholefoods, radical bookselling or community printing, that arose from the 'alternative movement' of the well-educated middle-class committed to democratic ideals and to producing for social needs also rather than for profit only. These latter were generally critical of the alienative and ecologically destructive tendencies of big business and large bureaucracies. The common ownership model of co-operation suited these radical collectivists well. With the big increase in long-term unemployment, job creation and job saving have become the overriding considerations in worker co-operative development, but the above ideological strands are all still present. Many of the collectives have grown and become more commercially oriented without losing their ideals (Thomas, 1988; Linehan and Tucker, 1983).

The great majority of worker co-operatives are, however, started from scratch as part of the alternative movement. These include most of the whole-food worker co-operatives which are longer established and are very innovative in their product offerings. Most of the 'alternativist' worker co-operatives, formed mainly for co-operative and social objectives, have indicated a high degree of satisfaction with their performance.

It is reiterated that many worker co-operatives, especially the 'alternativist' collectives, are formed to achieve objectives which are not necessarily economic in nature. Some of these objectives include democratization of the work place; integration of the marginalized members of the society; fair trade and environment conservation. It is for this reason that the Co-operative-UK (2004) observed that the future success of the co-operatives depends more on their 'co-operative and social performance' than on their economic performance. Thomas (1982) and Jones & Svejnar (1982) agree that to measure the success or failure of worker co-operatives is very difficult and controversial due to the nature of their objectives and the unusual patterns of ownership and control. Due to these difficulties, Cornforth (1983) settles for survival or non-survival of the co-operative as good criteria for measuring success.

Worker co-operatives involve their member-workers at all the levels of risk-taking, management, operations and added-value distribution. The central characteristics of worker co-operatives include the fact that workers invest in and own the business and that decision-making is democratic, generally adhering to the principle of one worker-one vote. That is, workers combine their skills, experience and financial resources to achieve mutual goals. Decisions as to how the business is run are made democratically by the co-operative system of one member - one vote. Because the members collectively develop the policies that determine the co-operative's daily and long-term operation, trust, communication and co-operation are vital to their co-operative's success. Workers are accepted as co-operative members according to criteria set by the co-operative, by working in the business, and through the purchase of a membership share (Hansen, Coontz and Malan, 1997).

A resurgence of interest in worker co-operatives has been witnessed in Britain as workers look for a form of industrial organization that is more rewarding to work in and for greater workers' control of industry through the co-operatives. The economic and social challenges presented by chronic unemployment and the potential dislocation of workers caused by industrial decline and technological displacements have all pointed towards the need for a greater control by workers (Cornforth, 1983; Oakeshott, 1978; Wylie, 2001; Linehan & Tucker, 1983; Bibby, 2004). The resurgence can also be attributed to the popular support that the so called "alternative movement" has received among the middle class and the well-educated members of the workforce.

They believe passionately that it is increasingly difficult to reconcile autocratic practices within conventional corporations with the democratic political practices of one person one vote occurring outside the firms (Cornforth, 1983; Oakeshott, 1978; Bradley & Gelb, 1983; Linehan & Tucker, 1983). Worker co-operatives therefore provide an 'alternative' to the investor-owned private corporations and the government-owned enterprises. They are, hence, the "third arm" in industry.

The interest in greater workers' control of industry through co-operative enterprises has been fuelled by the extraordinary success of the Mondragon group of worker co-operatives in the Basque provinces of Spain. Efforts have been made to replicate the Mondragon-style worker co-operatives in most western industrialized countries including United Kingdom and USA. Lawless and Reynolds (2004) report that by the year 2004, the International Organization of Industrial, Artisanal and Service Producers' Co-operatives (CICOPA) had a membership of over 70 organizations in 57 countries and that the estimated number of member/workers in employee-owned organizations had risen from six million in 1975 to 50 million.

Job-ownership researchers (Postlethwaite, Michie, Burns, & Nuttall, 2005; Hansen *et al*, 1997; Bibby, 2004) point out that the worker co-operatives are unique both as co-operatives and as businesses. They provide the worker-members with employment and income along with the ownership and control of the enterprise. Through their ownership and control, the worker-members receive a fair share of the profits and enjoy workplace democracy.

Worker co-operatives therefore constitute a vital form of workplace democracy in a society where workers do not often have control over their work settings. They are businesses in which the workforce takes collective responsibility for the business which employs them, while enjoying fair reward from the profits which they create (Postlethwaite *et al* 2005; Hansen *et al*, 1997; Cockerton *et al.*, 1980; Oakeshott, 1978). Worker co-operatives are found in many countries and in all business areas, including manufacturing, services, ship-building, food products, restaurants, computer software, engineering, construction, and many other industries. Many people also initiate worker co-operatives to overcome barriers to employment, such as disabilities, racial, sexual or ethnic prejudices, or a simple lack of employment options. Many writers (Postlethwaite *et al* 2005; Hansen *et al*, 1997; Cockerton *et al.*, 1980; Oakeshott, 1978; Spear, 2002) admit that worker co-operatives embody the concepts of worker participation and ownership, people-centered economic development, social well-being and quality of life.

3. Research Methodology

The research study utilized mainly the quantitative data collection and analysis methods. However, reasonable use of qualitative techniques was made in data collection to supplement the quantitative methods. The investigation therefore used methodological triangulation. In particular, it used the *“between-methods triangulation”* technique in which one method complements and / or supplements the other. Triangulation, in many cases, produces more valid and reliable results than the use of single methods. Reinharz (1992) confirms that triangulation increases *“the likelihood of obtaining scientific credibility and research utility”* (p. 197).

The data collection process began by first carrying out informal, open-ended interviews with officials of co-operative and job ownership organizations that are involved in promotion work and in research and development projects concerning worker co-operatives and other job ownership enterprises. The organizations selected for the informal interviews included the Co-operative-UK, the umbrella body for worker co-operatives, the Job Ownership Limited, the Industrial Common Ownership Movement, the Industrial Common Ownership Finance (Cambridge office) and the Co-operative College. The officials interviewed included a chief executive, a national strategy coordinator, and project managers.

The objective of this phase was to collect relevant background information regarding the past, present and future opportunities and threats as well as strengths and weaknesses influencing the performance of worker co-operatives in Britain. Both personal (face-to-face) and telephone interviewing methods were employed in this phase. Notes were taken during the interviews and the information gathered formed a good background material for the construction of survey questionnaires in phase two. Available literature and case studies on worker co-operatives including the failed co-operative enterprises were also reviewed for relevant material for the survey questionnaires.

According to Co-operatives-UK, it was estimated that there were approximately 390 worker owned and controlled co-operatives in Britain. Mail-survey questionnaires were therefore sent out to the entire population of worker co-operatives in Britain as maintained in the directory of their umbrella organization, the Co-operative –UK. In total, the entire 390 worker co-operatives were surveyed on various issues relating to the research hypothesis. A total of 142 responses were eventually obtained from the 390 worker co-operatives surveyed. Eleven (11) of the responses were not very useful since the respondents were either dormant, under liquidation or had converted to non-co-operative enterprises. The overall result was therefore a sample of 131 active worker co-operatives out of a population of 379 active worker co-operatives. This is a response rate

of 35%. The responses were from a wide spectrum of worker co-operatives in terms of the economic and social sectors represented. These sectors included consultancy and professional services, wholefoods, arts and the media, printing and publishing, care and support services, crafts and woodwork, leisure, and other retail services.

To test non-response bias, a sample comprising the first forty seven respondents was compared to the one of 47 respondents who submitted their questionnaires after the reminder. Chi-square tests (χ^2) were used for the non-response bias. It is the contention of many writers (Bryman and Cramer, 2005; Kinnear and Gray, 2004; Field, 2005; Sarantakos, 2003; Berg, 2002) that chi-square tests are the most popular and most frequently used tests of significance in the social sciences. Normally there are two types of chi-square tests, being the goodness-of-fit test and the test of independence. Tests of independence were used in this study for the non-response bias. The results of the tests are shown in Tables 1 – 3 below:

Table 1: Chi-square Test for the Type of Business Activity

Table 1 – 1: BusType * Group Crosstabulation

		Group		Total
		EarlyRes	LateRes	
BusType	Consult	9	9	18
	Prnting	9	9	18
	HlthFood	8	3	11
	Arts	4	6	10
	HlthLeisr	5	2	7
	CareSppt	1	4	5
	MiscRtl	5	2	7
Others	6	12	18	
Total		47	47	94

Table 1 - 2: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.044(a)	7	.250
Likelihood Ratio	9.384	7	.226
Linear-by-Linear Association	.841	1	.359
N of Valid Cases	94		

Table 2: Chi-square Test for the Number of Members

Table 2 - 1: NumMbrs * Group Crosstabulation

		Group		Total
		EarlyRes	LateRes	
NumMbrs				
	0 - 7	9	5	14
7 -10	20	29	49	
Over 10		18	13	31
Total		47	47	94

Table 2 – 2: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.203(b)	1	.273		
Continuity Correction(a)	.770	1	.380		
Likelihood Ratio	1.207	1	.272		
Fisher's Exact Test				.380	.190
Linear-by-Linear Association	1.190	1	.275		

Table 3: Chi-square Test for the Level of Performance Satisfaction

Table 3 – 1: Satisfd * Group Crosstabulation

		Group		Total
		EarlyRes	LateRes	
Satisfd				
	satisfd	22	17	39
	Somewhat	17	18	35
Not	8	12	20	
Total		47	47	94

Table 3 – 2: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.470(a)	2	.480
Likelihood Ratio	1.477	2	.478
Linear-by-Linear Association	1.453	1	.228
N of Valid Cases	94		

All the results in tables 1 – 3 show that the value of the chi-square is not significant ($p > .05$). Therefore, there are no significant differences between the early and the late responses as regards the five variables listed above. It is therefore reasonable to assert that the characteristics of those who responded before the reminder and those who responded after the reminder are not different.

Reliability of the questionnaire was tested using the *Cronbach's alpha*, which is the most commonly used measure of questionnaire reliability (Field, 2005; Moser and Kalton, 1989; Bryman and Cramer, 2005). Only the variables relating to the co-operative environment and the internal environment were tested for their internal reliability. The results are shown in table 4 and table 5 below.

Table 4: Reliability Analysis of the Co-operative Environment Variables

Table 4 – 1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.846	.846	7

Table 4 – 2: Inter-Item Correlation Matrix

	Princpls	MbCommit	Commnity	FairTrad	Communty	Prncples	FairTrde
Princpls	1.000	.389	.481	.504	.404	.527	.438
MbCommit	.389	1.000	.306	.369	.216	.479	.330
Commnity	.481	.306	1.000	.539	.537	.458	.553
FairTrad	.504	.369	.539	1.000	.694	.491	.467
Communty	.404	.216	.537	.694	1.000	.390	.358
Prncples	.527	.479	.458	.491	.390	1.000	.314
FairTrde	.438	.330	.553	.467	.358	.314	1.000

The covariance matrix is calculated and used in the analysis.

Table 4 – 3: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Princpls	10.08	12.062	.629	.412	.820
MbCommit	10.15	12.992	.463	.289	.845
Commnity	9.99	12.069	.665	.487	.815
FairTrad	10.17	11.895	.715	.594	.808
Communty	10.05	12.306	.589	.527	.826
Prncples	9.96	12.299	.607	.429	.824
FairTrde	10.08	12.431	.556	.381	.831

Table 5: Reliability Analysis of the Internal Environment Variables

Table 5 – 1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.822	.823	7

Table 5 – 2: Inter-Item Correlation Matrix

	Fnancial	Physcal	Skills	Mgt	Training	DecsnMkg	CoopMgt
Fnancial	1.000	.794	.551	.112	.418	.125	.099
Physcal	.794	1.000	.576	.051	.404	.105	.077
Skills	.551	.576	1.000	.222	.727	.310	.256
Mgt	.112	.051	.222	1.000	.437	.744	.661
Training	.418	.404	.727	.437	1.000	.437	.423
DecsnMkg	.125	.105	.310	.744	.437	1.000	.864
CoopMgt	.099	.077	.256	.661	.423	.864	1.000

The covariance matrix is calculated and used in the analysis.

Table 5 – 3: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Fnancial	12.18	11.858	.484	.648	.813
Physcal	12.00	12.138	.466	.664	.815
Skills	12.05	11.374	.631	.643	.788
Mgt	11.62	11.653	.517	.591	.807
Training	11.86	11.073	.687	.620	.778
DecsnMkg	11.77	11.378	.616	.807	.790
CoopMgt	11.69	11.724	.563	.753	.799

The Cronbach's alpha for both the co-operative environment variables and the internal environment variables is greater than .8. Since the values of Cronbach's alpha between .7 and .8 indicate good reliability (Field, 2005; Moser and Kalton, 1989; Bryman and Cramer, 2005), it is reasonable to assert that the questionnaire used in this study is reliable.

4. Findings and Conclusions

As pointed out earlier, most worker co-operatives have as their objective the achievement of the economic and social well-being of their members. The study established that in order to realize these objectives, the worker co-operatives have

responded effectively to the social challenges of their communities by trying to solve the problems of unemployment and social exclusion. It was, however, noted that in most of the sectors in which worker co-operatives operate, sustainability and competitiveness can only be realized if profitability becomes an integral part of their main objectives. The responses on ratings regarding the importance of various objectives to the worker co-operatives are shown in table 6 below.

Table 6: Worker Co-operatives' Major Objectives

	Major Goal (%)	Minor Goal (%)	Not Goal (%)	Total (%)
Profitability	42.7	34.4	22.9	100
Growth	24.4	48.1	27.5	100
Stability	63.4	29.8	6.9	100
Employment	70.2	22.1	7.6	100
Community Service	51.9	26.0	22.1	100
Promotion of Fair Trade	59.5	22.9	17.6	100
Promotion of Co-op Principles	44.3	32.8	22.9	100

Table 6 above shows that 52% of the survey questionnaire responses consider community service as one of the main objectives for their worker co-operative. About 60% of those responses consider the promotion of fair trade as one of their co-operative's main goals. During a post-questionnaire interview, an official from Greencity Wholefoods confirmed their belief that, in the long term, it is to the advantage of their co-operative that the community in which it is based flourishes. They are therefore actively involved in the promotion of awareness of both wholefoods and the principles of cooperation in their community. They would like to see the general principles of co-operation and non-violence applied to the society at large. Greencity Wholefoods is a worker co-operative established in 1978 in Glasgow. It is a manufacturer and distributor of wholefoods with a turnover of about £4 million. The aim of the co-operative is to create a non-exploitative workplace which takes into consideration the interests of the workers, the community and the environment as a whole. *"Greencity Wholefoods promotes local producers by buying from them whenever possible"* said the co-operative official. They supply retailers and restaurants throughout Scotland with over 4000 different products, all of which are vegetarian and GM-free. They promote Vegan, Fair-Trade, Gluten Free and Organic products. Their most popular product is muesli. *"Greencity Wholefoods support peaceful action against the exploitation of animals and do not sell any products tested on animals"* the official added.

Concern for community and fair trade are similarly among the main objectives of the Daily Bread worker co-operative in Cambridge. Registered in 1992, Daily Bread is a

wholefood retailer with a turnover of about £1 million. The person interviewed for this study contended that at Daily Bread, people come before profit. Although they seek to make surplus in order to cover business costs and to create more jobs, wealth is not pursued for its own sake. The co-operative official added that the co-operative's main aim is to be a responsible steward of the earth, the environment and the community. In order to be responsible to the community, Daily Bread is involved in local projects aimed at improving people's health and livelihoods. They also, as far as possible, source their goods from local producers and pay fair prices. All products are sourced as ethically as possible and attempts are made to stock goods that carry the Fair Trade mark. Suppliers have to give guarantees that they are not involved in the exploitation of workers or natural resources nor irresponsible marketing practices. The interview also established that Daily Bread gives some of its income to support projects that empower people who have suffered from unfair trading practices.

The study also established that most worker co-operatives have successfully dealt with the challenges of social exclusion. Four Seasons Worker Co-operative in East Yorkshire is a good example. It was registered in 1998 as a horticultural worker co-operative to give employment to people with learning disabilities. According to the official interviewed for this study, 4 Seasons gives the members an understanding of horticultural skills, the work ethic, and the development and running of a co-operative. Another worker co-operative that promotes social integration of the members is the Castle Project Print Finishers. The worker co-operative, which was established in 1989 in Cambridge, draws its membership from people with mental health disabilities. The members earn their income purely from their business and the contracts are secured through competitive bidding.

Disabled Workers Co-operative in Wales also aims at raising the independence of disabled people by enabling them to take an active role in the economy and to achieve a greater sense of self-worth and also to raise awareness of the contribution that disabled people can make to society. *"The co-operative aims at developing and improving the earning potential of disabled individuals who can offer a product or service"*, a co-operative official noted. Toucan Europe, in Manchester, is another worker co-operative whose main objective is the eradication of social exclusion. It provides innovative actions and developments that offer opportunities for economic and social integration. Toucan works in partnerships with the government agencies in fields of education, social and healthcare services. It gets funding and projects from both the UK government and the European Union. *"The projects are mainly those aimed at promoting the participation and integration of socially excluded people within society"* an official said.

The emergence of many social care worker co-operatives also confirms the ability and resolve of worker co-operatives to deal with the issue of social protection in Britain.

Carers Direct is one such co-operative which is “committed to providing a flexible and reliable service for people of all ages to enable them to remain independent and in their own homes”, an official said. The services provided by Carers Direct include: personal care, shopping, companionship, light housework and cooking and outings or appointments.

The study established that most worker co-operatives are critical of the ecologically destructive tendencies of most conventional businesses. Environmental sustainability has therefore become one of the main objectives of most worker co-operatives. St Luke’s Communications, an advertising and marketing worker co-operative in London, takes its environmental responsibilities very seriously by promoting recycling, powering their building with renewable electricity and by being a carbon neutral company. They measure their carbon dioxide emissions every year and take necessary corrective measures.

An interview with an official of the Graphics Company in Edinburgh established that the worker co-operative is at the forefront of those enterprises insisting on the use of environmentally-friendly materials. The worker co-operative specializes in communication design for charities and public sector organizations in Scotland. The Graphic Company’s environmental responsibility does not end with the use of recycled paper. It is extended to cups, pens, pencils, bags, pencil cases, paper fixings and vegetable inks. They even take the trouble of inspecting the mills where their papers are made to ensure that they too are environmentally-friendly. Calverts is another worker co-operative with an environmental bottom-line.

The study established that profitability is considered as a major objective by only 43% of the respondents. Employment of members and stability of the worker co-operative are rated as being the major objective for most worker co-operatives. Though table 6 shows that profitability is considered as a major objective by only 43% of the respondents, worker co-operatives must, at least, break even in order to survive. It has been noted from the interviews carried out for this study that in most of the sectors in which worker co-operatives operate, sustainability and competitiveness can only be realized if profitability becomes an integral part of these enterprises’ main objectives. Profitability may not be the ultimate goal for most worker co-operatives. However, it is a significant means of achieving their objective of economic and social well-being of the members.

The effective achievement of worker co-operatives’ economic and social objectives is what will determines their success. The study sought to establish whether worker co-operatives’ objectives could be used to predict its level of performance satisfaction. A multiple regression model was used in which worker co-operatives’ major objectives were utilized as predictors (independent variables). The outcome is shown in Table 7 below.

Table 7: Regression Analysis – Worker Co-operatives’ Major Objectives

Table 7a: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.527(a)	.278	.236	.658	.278	6.749	7	123	.000

a Predictors: (Constant), Pncples, Stabily, Profit, Growth, Communt, Emplymnt, FairTrad

Table 7b: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.425	7	2.918	6.749	.000(a)
	Residual	53.178	123	.432		
	Total	73.603	130			

a Predictors: (Constant), Pncples, Stabily, Profit, Growth, Communt, Emplymnt, FairTrad

b Dependent Variable: Satisfd

Table 7c: Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
	(Constant)	.703	.290		2.425	.017					
	Profit	.101	.077	.106	1.306	.194	.107	.117	.100	.894	1.118
	Growth	.025	.087	.024	.284	.777	.138	.026	.022	.846	1.182
	Stabily	.097	.122	.080	.794	.428	.024	.071	.061	.580	1.724
	Emplymnt	-.141	.124	-.117	-1.133	.259	-.082	-.102	-.087	.553	1.809
	Communt	.115	.102	.124	1.130	.261	.414	.101	.087	.487	2.055
	FairTrad	.295	.111	.303	2.656	.009	.474	.233	.204	.451	2.220
	Pncples	.154	.086	.162	1.796	.075	.346	.160	.138	.720	1.389

a Dependent Variable: Satisfd

In the model summary table (Table 7a), R, which is the multiple correlation coefficient between the predictors and the outcome is .527 while R², which is the measure of how much of the variability in the outcome is accounted for by the predictors is .278. This

means that worker co-operatives' major objectives account for 27.8% of the variation in the worker co-operatives' performance satisfaction.

Table 7a and Table 7b give the value of *F-ratio* as 6.749. They also indicate the value of *Sig. F Change* to be .000. This means that *p-value* = .000. Since the *F-ratio* is greater than 1 and the *p-value* < .05, the predictors make a significant contribution to predicting the outcome. Since *p-value* < .05, the *F-ratio* of 6.749 is significant and is not likely to have occurred by chance. Therefore, major objectives do make a significant contribution to predicting the level of performance satisfaction in worker co-operatives. That is, the regression model that utilizes major objectives can predict worker co-operatives' performance satisfaction significantly well.

Table 7c gives information on the *B* coefficients and the collinearity statistics. The *B* coefficients show the relationship between performance satisfaction and each predictor. It is also noted that the VIF values are all below 10 and the tolerance statistics values are all above .2. It can be concluded therefore that there is no collinearity within the data used and therefore there is no strong correlation between two or more predictors in the regression model used.

The study also used the 'level of satisfaction' with the worker co-operatives' performance (co-operative and social performance) as an acceptable measure for the achievement of objectives. Thirty nine percent of the respondents rated the performance of their worker co-operatives as satisfactory. Seventy nine percent had either a satisfactory or a somewhat satisfactory rating. Only 21% were not satisfied (Table 8 below).

Table 8: Level of Satisfaction

	Frequency	Percent	Cumulative Percent
Satisfied	51	38.9	38.9
Somewhat Satisfied	53	40.5	79.4
Not Satisfied	27	20.6	100.0
Total	131	100.0	

One of the worker co-operatives that was satisfied with its performance is the Tower Colliery¹ of South Wales. This co-operative was formed by the workers who opted for an employee buyout of the Tower colliery¹ after it was closed by the British Coal in April 1994. A group selected by the workers successfully negotiated for the purchase of the mine which re-opened in 1995 as a worker co-operative. By 2005, the worker co-operative had nearly doubled its output that rose from 380,000 tonnes to about 650,000

¹ Tower Colliery has since closed down due to the depletion of coal deposits in their mines.

tonnes. The turnover had also risen to about £26 million. The number of employees also increased from about 237 to 400 workers. *“The co-operative model of business, with its participative and democratic governance practices is credited for this success”*, said an official of the worker co-operative.

SUMA wholefoods, in West Yorkshire, also indicated satisfactory performance. This is a wholesaler and distributor of fair trade, organic and vegetarian foods whose turnover is about £21million. It has 120 employees. SUMA was started by one man in 1974 in Leeds and was converted and registered as a worker co-operative in 1977. A SUMA official (insisted to be referred to simply as worker) interviewed for this study believes that SUMA has *“grown consistently for thirty years in a fiercely competitive market by providing better service to the customers and better jobs to the workers”*. According to the official interviewed, there is no *“boss”* at SUMA because management decisions are taken as far as possible by democratic consensus. The General Meeting of all the members is held six times in a year and decides on business strategies, plans, and major policy decisions. A Management Committee of six people (with two places reserved for women) is elected by the General Meeting to implement its policies and decisions. The Management Committee then appoints the co-operative’s executive officers who attend the management committee meetings on advisory capacity. *“The power therefore rests with the elected representatives (directors) and not with the executives”* concluded the official (worker).

Calverts, a worker co-operative in the printing and publishing sub-sector has succeeded in acquiring and retaining loyal customers due to its concern for the environment and fair trade. Formed in London in 1977 as a publications design and printing co-operative, Calverts pioneered the use of recycled paper. It has achieved the Forest Stewardship Council (FSC) accreditation. It can now verify through the FSC chain that its printing papers come from well-managed forests, from accredited paper mills and from 100% FSC recycled fibre. Calverts is also working with Scottish and Southern Energy to ensure that 100% of its electricity is supplied from renewable generating capacity including wind and small scale hydro. Customers who care about the environment and fair trade have therefore found an able ally in Calverts.

Many worker co-operatives are formed in response to the social challenges of various communities including the problems of unemployment and social exclusion. It was noted that 52% of the respondents consider service to the community as a major objective for their worker co-operatives. Spearman’s rank correlation, Chi-square and Cramer’s V measures were used to test the association between the extent to which worker co-operatives pursue community well-being as a goal and the level of their members’ commitment. Table 9 below shows the outcome.

Table 9: Members Commitment and Community Well Being as a Goal

Table 9a: MbCommit * Community Crosstabulation

		Community			Total
		MjrGoal	MnrGoal	NotGoal	
MbCommit					
	MjrStrth	42	27	10	79
	MnrStrth	15	5	6	26
NotStrth	11	2	13	26	
Total		68	34	29	131

Table 9b: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	18.840(a)	4	.001	.001		
Likelihood Ratio	18.181	4	.001	.002		
Fisher's Exact Test	17.346			.001		
Linear-by-Linear Association	6.049(b)	1	.014	.015	.009	.003
N of Valid Cases	131					

Table 9c: Symmetric Measures

		Value	Asymp. Std. Error(a)	Approx. T(b)	Approx. Sig.	Exact Sig.
Nominal by Nominal	Phi	.379			.001	.001
	Cramer's V	.268			.001	.001
	Contingency Coefficient	.355			.001	.001
Interval by Interval	Pearson's R	.216	.093	2.509	.013(c)	.015
Ordinal by Ordinal	Spearman Correlation	.162	.094	1.870	.064(c)	.064
N of Valid Cases		131				

a Not assuming the null hypothesis.

b Using the asymptotic standard error assuming the null hypothesis.

c Based on normal approximation.

Although Spearman's rho has an exact significance of .064 which is greater than the .05 level, the other four measures (Chi-square, Cramer's V, Phi, and Contingency coefficient) confirm that there is a relationship. It is therefore reasonable to conclude that there is a positive association between the extent to which worker co-operatives

pursue community well-being as a goal and the level of their members’ commitment (Spearman’s rho = .162, p > .05; Chi-square = 18.840, p < .05; Cramer’s V = .268, p < .05). Phi coefficient and Contingency coefficient measures also support this conclusion (Phi = .379, p < .05 and Contingency coefficient = .355, p < .05).

Many worker co-operatives, especially those in the whole-foods sector, strive to create a non-exploitative workplace which takes into consideration the interests of the workers, the community and the environment as a whole. This category of worker co-operatives supports action against the exploitation of animals and do not sell any products tested on animals. They source their products as ethically as possible and attempts are made to stock goods that carry the Fair Trade mark. Their suppliers are also to give guarantees that they are not involved in the exploitation of workers or natural resources nor irresponsible marketing practices. Fair and ethical trading was considered by 60% of the respondents as being a major objective for their worker co-operative. Spearman’s rank correlation, Chi-square and Cramer’s V measures were used to test the association between the extent to which worker co-operatives pursue fair trade as a goal and the level of their members’ commitment. Table 10 below shows the outcome.

Table 10: Members Commitment and Fair Trade as a Goal

Table 10a: MbCommit * FairTrad Crosstabulation

		FairTrad			Total
		MjrGoal	MnrGoal	NotGoal	
MbCommit	MjrStrth	56	14	9	79
	MnrStrth	15	9	2	26
NotStrth	7	7	12	26	
Total		78	30	23	131

Table 10b: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	24.297(a)	4	.000	.000		
Likelihood Ratio	22.106	4	.000	.000		
Fisher's Exact Test	21.661			.000		
Linear-by-Linear Association	17.672(b)	1	.000	.000	.000	.000
N of Valid Cases	131					

Table 10c: Symmetric Measures

		Value	Asymp. Std. Error(a)	Approx. T(b)	Approx. Sig.	Exact Sig.
Nominal by Nominal	Phi	.431			.000	.000
	Cramer's V	.305			.000	.000
	Contingency Coefficient	.396			.000	.000
Interval by Interval	Pearson's R	.369	.089	4.505	.000(c)	.000
Ordinal by Ordinal	Spearman Correlation	.342	.087	4.133	.000(c)	.000
N of Valid Cases		131				

a Not assuming the null hypothesis.

b Using the asymptotic standard error assuming the null hypothesis.

c Based on normal approximation.

From the outcome above, it can be concluded that there is a positive association between the extent to which worker co-operatives pursue fair trade as a goal and the level of their members' commitment (Spearman's rho = .342, $p < .05$; Chi-square = 24.297, $p < .05$; Cramer's V = .305, $p < .05$). Phi coefficient and Contingency coefficient measures also support this conclusion (Phi = .431, $p < .05$ and Contingency coefficient = .396, $p < .05$).

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