

Co-operative performance: What to measure and why?

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Réseau de recherche pour mesurer la
DIFFÉRENCE COOPÉRATIVE



Measuring the Co-operative Difference
RESEARCH NETWORK

Tools to measure co-operative
performance and impact
Halifax, May 22-24



Background



- Measuring the Co-operative Difference Research Network's work on tools
- Keynote address at the Symposium of the ICA Research Committee in Cancun, Mexico in November 2011



“In an increasingly performance-oriented society, metrics matter. What we measure affects what we do. If we have the wrong metrics, we will strive for the wrong things.”

MISMEASURING OUR LIVES

Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi

What do co-operatives need to measure and why?



Measures should help to

- I. Understand the different business model with its purpose, advantages, disadvantages and transformative potential;
- II. Understand how the Co-operative Identity creates a strategic advantage in the business context;
- III. Understand the impact of co-operatives on people and communities, and influence policy;
- IV. Achieve public awareness of the size, the scope, and the benefits of co-operatives, and their promotion as an alternative socio-economic model.

I. Are co-operatives different?



If co-operative business is no different from investor-owned business it is difficult to develop a rationale for its existence.

Robb, Smith & Webb 2010

The difference



- Co-operatives are different from investor owned enterprises, but also from social enterprises
 - Efficiency (not cost-minimizers)
 - Internalizing the externalities
 - Democratic governance; co-op values
 - Changing the economic model with social impact (as opposed to changing the social model with business means)

What to measure and why



- Technical efficiency - minimizing throughput of natural resources and intermediate products per unit produced.
- Investment in the environmental protection
- Investment in people
- Employee involvement in decision-making
- Productivity; job tenure and security

What to measure and why



- Member engagement (inactive vs active members; volunteer hours, etc)
 - To ensure co-op is a people's business; loyalty
- Value of co-op to members (monetary or non-monetary terms)
 - To quantify non-market functions of co-ops
- Democracy (quantitative and qualitative indicators)
 - To ensure democratic governance

What to measure and why



- Cash flow
 - Ensure a financially sustainable business
- Impact on community, besides that captured by investments in sustainable practices, including the employment record
 - Sustainability reports and Social audits need to capture longevity and territorial development among other measures

What to measure



- Contribution to asset building
 - Human development
 - Social development
 - Economic development
- Sustainable livelihoods
 - Assets ('capitals': financial, manufactured, human, social, natural)

II. Co-operative identity as a strategic advantage



- What role do co-operative values and principles play in the internal interactions and processes?
 - If co-operative values inform business decisions on all levels, the co-operative brand will create trust and loyalty (members, customers, employees ...)
 - Principles contribute to asset building



fairly traded *Solidal* line of products



“It is a new line that holds the world united”

Measuring 'cooperativeness'



- Besides marketing, product and pricing policies, each co-operative is a business that needs to treat people with a difference.
- Co-operative specific measures of adherence to the co-op principles and values.
 - Weed out 'bad apples'
 - Affect practices ('you do what you measure')
 - Impact social transformation

Measuring cooperativeness



Co-operative life



CoopIndex



Sustainability report



Guidelines

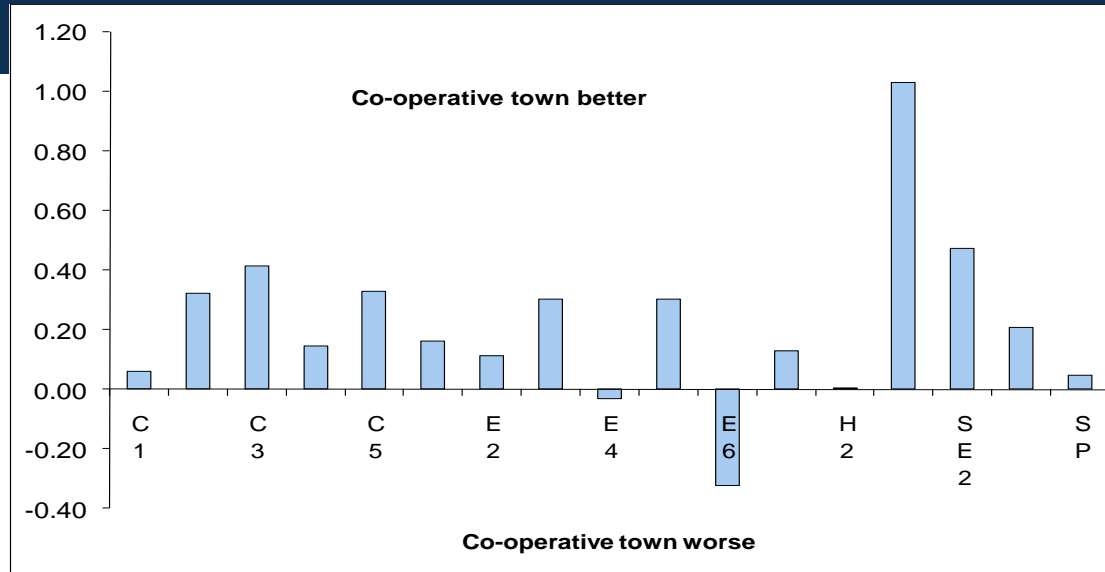
Social responsibility report

Scorecard

III. Impact on people and communities



- Understanding and measuring the social return to
 - attract ethical investment
 - influence policy, and
 - gain support
- David Erdal's study of 3 Italian towns



Crime: victimisation (C1), policing (C2), confidence (C3), feeling of security (C4), domestic violence (C5)

Education: level attained (E1), age leaving school (E2), truancy (E3), expected truancy (E4), post-school training (E5), perceived importance of education (E6)

Health: physical health (H1), emotional health (H2) (also measured: mortality)

Social Environment: perceived gap between rich and poor (SE1), helpfulness of authorities (SE2), supportiveness of social networks (SE3)

Social Participation: membership of clubs (SP) (also measured: voting, blood donation)

Community impact



- The value of co-ops (CUs) to their communities
- The contribution of housing co-operatives to building social capital
- Market failure and ‘competitive yardstick’ role – benefits accrue to members and community, rather than the organization

IV. Raise awareness



- ICA World Cooperative Monitor
- Country-level Co-op100 (Co-op 50) lists;
- Best employer; most democratic organization; and other lists and awards
 - demonstrating the cooperative difference
- Collaborate in the effort to collect and publish the data.
- Support co-operative research and education programs.

Build the metrics



- a. Highlight the purpose of co-operative firms;
- b. Ensure their businesses are guided by the values of co-operation;
- c. Measure impact on communities;
- d. Communicate the difference to the stakeholders.

For co-ops, by co-ops



- The challenge in coming years:
 - further sophistication of the tools and metrics made for co-ops by co-ops to capture ‘the difference’
 - use of tools/measures; sharing data
 - consolidate, aggregate and disseminate the findings
- The Blueprint framework is a start

The tools conference

Thank you for your contributions!



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