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# Participation and economic growth in cooperatives: Empirical explorations of a (supposedly) well-known relationship

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Fakten für eine faire Arbeitswelt.

# Research problem I

## Normative ideas regarding cooperatives:

*“Cooperatives .. have important roles to play in reimagining and reconfiguring the economy as a whole as well as bringing to the table alternative forms of governance.” (Cheney et al. 2014: 592)*

- Cooperatives as an alternative form of organizing and alternative to corporate capitalism (e.g. Restakis 2012)
- In the degrowth discussion, cooperatives as sites of civic economy and democratic participation (Bonaiuti 2003)
- Ideal of participation in cooperatives
  - „one-member-one-vote“ principle of decision making (vs. „one-share-one-vote“)

## Research problem II

### Empirical results:

- "successive de-democratization" (Ringle 1990)
- "apathy of members" (Patera 1980)
- "farce of participation" (Bonus 1994)
  - Size of cooperatives as main explaining factor:
    - „the iron law of oligarchy“ of Michels (1911)
    - „the law of transformation“ of Oppenheimer (1913)
- Tension between market demands and maintenance of cooperative values (Flecha/Ngai 2014, Kramer 2003)

# General research questions

- To what extent does the ideal of participatory democracy have a meaningful effect on the management, members and workers of cooperatives?
- How does it shape the existing participatory practices?

→ pre-study of four cases in 2013

→ extensive study funded by Hans Böckler Stiftung (2014-2016): in depth-case studies, mixed methods approach (methods of qualitative interviews, discourse analysis and participant observation)

## Method of the pre-study

- Four case studies based on qualitative interviews in cooperatives from Germany

	Cooperative 1	Cooperative 2	Cooperative 3	Cooperative 4
<b>Industry</b>	Wine	Wine	Bakery	Art
<b>Location</b>	Baden- Württemberg	Thuringia	Saxony	Saxony
<b>Number of members</b>	150	440	603	6
<b>Number of employees</b>	--	32	138	0

# First results I

- Considerable heterogeneity of patterns of the participation practices in cooperatives, ranging from “conscious participation” to ceremonial and bureaucratic forms:
  - conscious participation: *“Hence you have to listen quite often. You have to present strong arguments for the course of action.”* (Mine Cooperative II)
  - ceremony and celebration: *“I don’t mean to imply that it [the general meeting] was a folk festival, but it was something special. Everyone knows everyone and there were meals and drinks. [...] To go to the general meeting was a must have.”* (Mine Cooperative I)
  - bureaucratic form: ritualized and non-dialogical annual meetings, standardized member surveys or trainings for member firms (Bakery)
- Heterogeneity of participation offers beside the general meeting: communication via internet, trainings, hotlines, events (e.g. regular tables, open day, in-house exhibitions)

## First results II

Organizational characteristics influencing participation:

- The size of cooperatives: with an increasing size of cooperative economic purposeful forms of participation become more frequent
- Prevailing organizational identity and the subscribed identity to the members of cooperatives:
  - Economically-driven identity of cooperative (e.g. construction of members as customers) coexists with bureaucratized forms of participation

Regardless of the size of the cooperatives, the efforts of participation seem to produce a number of tensions in organization:

- the tension between economic efficiency and participation of members
- tensions regarding the subscribed identity of cooperative members as participating actors vs. as customers

# Discussion

- General glorification of cooperatives as an institutionalized form of an alternative and as main agent of social transformation towards a de-growth oriented economy (Bonaiuti 2003) should be taken with caution
- Further critical consideration of participative potential of cooperatives is needed
- Further research is required if cooperatives' struggle for economic success (and growth) induces an erosion of participatory practices and alignment to conventional corporate structures
- Plea for an in-depth discussion of economic democracy as a degrowth practice