

The cooperative identity is a key competitive advantage

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Cooperatives have been largely overtaken by investor-owned business in their value proposition

The frequent practice of cooperatives to refrain from explicitly and strongly promoting the cooperative identity in their communication and marketing strategies, or to be concerned that doing so may not be appropriate or could even be risky for their business operations, contrasts with the arguments which the investor-owned corporate world is now proclaiming loud and clear, showing companies as being conscionable and driven by ethical values. Companies' communications and brand messaging are increasingly seen to successfully help the business 'pass-off' as people-driven, environmentally conscious etc., mirroring cooperatives that are based in communities and thrive on communities' common aspirations.

Following this line, the Business Roundtable, the most influential business organization in the US, published on 19 August 2019 a new definition of what should be the shared purpose of companies:

«While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. We commit to:

Delivering value to our customers. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.

Investing in our employees. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity, and respect.



Dealing fairly and ethically with our suppliers. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.

Supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.

Generating long-term value for shareholders. [They] provide the capital that allows companies to invest, grow, and innovate. We are committed to transparency and effective engagement with shareholders.

Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities, and our country.»¹

This joint statement of the US corporate world does not seem to have negatively affected the business operations of US companies, quite to the contrary.

Isn't there instead a glaring mismatch between the worldwide quantitative, qualitative, and coordinated reality of cooperatives (constituting a large part of humanity, businesses and employment, being really rooted in the local communities everywhere, responding to people's key needs, availing themselves of common world standards, benefitting from a global connective tissue provided by representative organizations at all levels) on the one hand, and, on the other, cooperatives' limited capacity to affirm their specific identity to their clients and providers, their communities, society in general, and public authorities at all levels, even though such identity is much stronger than what the US Business Roundtable proclaims above for investor-owned firms?

Doesn't the solution to bridge the gap lie with cooperatives themselves? Could cooperatives externalise their distinctness and gain further leverage, including commercially, by reaffirming strongly who they are?

If so, cooperatives could begin reflecting and working on the issue of value, as the Business Roundtable explicitly does through their above message. According to Judith Sanderse (2014), «a business model describes the rationale of how an organization creates, delivers and captures value»². Based on this definition, the value proposition of a business model cannot be solely based on branding and/or other short- or long-term

¹ <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

² Sanderse, J. (2014). The business model canvas of NGOs, Open Universiteit Nederland, https://www.academia.edu/6935967/The_business_model_canvas_of_NGOs_The_business_model_canvas_of_NGOs_door_Judith_Sanderse, p. 47.

communication tools, but should first and foremost be explicitly based on the mission and the «key programmes» (activities, impact etc.) of this business model.

On this basis, the branding can then «build upon tangible results and emotional goodwill»³.

Defining cooperatives' value for society

Thus, in order to identify and then convey their value, cooperatives should perhaps first look into their characteristics deriving from their identity which better illustrate their value for society. We could tentatively identify the following ones :

1. **Putting our values into practice.** One of the key characteristics of the cooperative business model is to create an environment for its members that produces particularly high standards of entrepreneurship, including transparency & honesty, self & social responsibility, equity, and professing business & trade while caring for others, including for the planet as well as future generations. Cooperatives' capacity to put their values into practice is achieved by putting members first, and service to members and communities as a top priority. It is crucial that while pursuing their goal of delivering value to the society, cooperatives first organize their business in an orderly fashion, ensuring that the goods and service which they produce are of the highest quality, the pricing remains optimal and that an adequate focus be accorded to innovation, efficiency, and learning. At the same time, cooperatives, as businesses driven by needs and aspirations of their members, continue to accord paramount importance to members, and the sustainable development of the communities in which their business & trade operate.
2. **Building the economy of the ordinary people.** Cooperatives have as their key objective to respond to needs and aspirations that are common to a high number of ordinary people, who are stakeholders in the sense that they have one or several stakes which they channel through the cooperative: e.g. parents-members of a cooperative school wish to ensure the best education for their children; consumer-members of a consumer cooperative wish to buy healthy products at a reasonable price and, increasingly, make

³ *Ibid.*, p. 22.

sure that the value chains through which these products have been elaborated are ethical and in compliance with human rights; etc. This feature of cooperatives can be particularly appealing within society because people are increasingly interested in how they can deal with the multiple stakes they have in society as ordinary people.

3. **Providing people with control over their destiny.** Cooperatives constitute the fulcrum of economic democracy and entrepreneurial democracy in the world. They tend to aggregate the initiative of an individual into the enterprise of a community, thus building scales and helping people and communities realize their right to live with dignity and have control over their destiny. Understanding this characteristic of cooperatives could provide within society a potent interest in cooperatives as agents of economic democracy, especially at a time when frustration regarding democracy has among its origins ordinary people's feeling that they lack control over their destiny and are deprived of real choice in the economic field. The fact that the cooperative business model hinges on democratic control by members, as well as a concern for the community, often results in promoting decent-work particularly in developing ethical and inclusive value chains, and by developing a conception of work per se, with labour, instead of financial capital, having the priority.
4. **Having a stable and active presence in the community.** Cooperatives are enterprises that are stable and active in their communities because their members-stakeholders normally remain where they are, at least the majority of them at any given time. In addition, the basic unit of a cooperative is small: a physical person or a MSME, even when their cooperative itself has become big or when it has joined others into a horizontal cooperative group. This can provide within society an identification with the role of ordinary people who are also normally going to remain where they are.
5. **Being resilient.** Cooperatives have a demonstrated capacity of resilience, particularly during and after crises. Their historical and operational linkages with one another, at the local, national and international levels help them distribute the shock and lessen sudden jolts that easily and adversely affect individuals and small groups. This can be particularly appealing at a time when people feel increasingly fragile in the face of repeated crises.
6. **Being agents of cooperation.** By cooperating, within their membership and among cooperatives, as well as with other partners, cooperatives are one of the main global agents in pro-

moting the value and the concrete practice of cooperation in the economy and society. This feature is potentially attractive, as people feel increasingly stressed by the highly competitive environment we live in and are re-discovering the value of helping each other.

7. **Providing externalities in local development.** Many cooperatives provide key externalities in local development, in terms of indirect employment (e.g. among clients and providers), education, health or infrastructure (schools, hospitals etc.) and increasingly promote environmental concerns as they gather different locally rooted stakeholders.
8. **Investing financial capital in the communities.** Cooperatives generally maintain and invest financial capital in the communities in which they are embedded, in contrast with the fluidity and unpredictability of financial markets.
9. **Promoting explicitly and concretely the preservation of the planet.** The introductory text to the incoming Global Forum on Democratizing Work, involving such researchers as Thomas Piketty, states that «If our governments step in to save businesses in the current crisis, then businesses must step in as well, and meet the general basic conditions of democracy. In the name of the democratic societies they serve, and which constitute them, in the name of their responsibility to ensure our survival on this planet, our governments must make their aid to firms conditional on certain changes to their behaviors. In addition to hewing to strict environmental standards, firms must be required to fulfil certain conditions of democratic internal government. A successful transition from environmental destruction to environmental recovery and regeneration will be best led by democratically governed firms, in which the voices of those who invest their labor carry the same weight as those who invest their capital when it comes to strategic decisions. We have had more than enough time to see what happens when labor, the planet, and capital gains are placed in the balance under the current system: labor and the planet always lose.

Thanks to research from the University of Cambridge Department of Engineering (Cullen, Allwood, and Borgstein, *Envir. Sci. & Tech.* 2011 45, 1711-1718), we know that “achievable design changes” could reduce global energy consumption by 73%. But... those changes are labour intensive, and require choices that are often costlier over the short term. So long as firms are run in ways that seek to maximize profit for their capital

investors alone, and in a world where energy is cheap, why make these changes? Despite the challenges of this transition, certain socially-minded *or cooperatively run businesses – pursuing hybrid goals that take financial, social, and environmental considerations into account, and developing democratic internal governments – have already shown the potential of such positive impact*» [our underlining] . The more cooperatives will implement concrete measures that preserve the planet and explain their initiatives from a cooperative identity logic, in particular address the needs and aspirations of their members-stakeholders and of the wider community, the more they will likely have a specific competitive edge with an increasing proportion of potential clients and with society in general.

How to convey cooperatives' value to society

Only after having tentatively identified the main features characterizing cooperatives' mission, action and impact, and thus their value, can we examine how to convey such value to the outside world through a number of channels and resources. We can tentatively single out the following:

1. **Communication.** There is a need to strongly affirm cooperatives' cooperativeness not only in branding and messaging but also in naming them systematically⁴ and explaining what they are, building a full-fledged and articulate narrative:
 - We have to learn from one another and build a mosaic of diverse experiences into one identity. Each and every cooperative is different from another but all cooperatives practice the same values and principles and are all based on meeting people's needs and aspirations, and, within this business model, belong to one family.
 - We need to maintain our communication strategy long-term, inclusive, and inter-generational, with key messages.
 - We need to adapt some information to the different regions/sectors/countries / cultures but the key messages have to be easy to understand and universal (e.g. «Cooperatives for a better

⁴ Many marketing, communication and documentation resources on cooperatives describe accurately what the cooperative does and can even leverage the public's «emotional goodwill», but do not mention that the enterprise shown is a cooperative (or mention it in small characters or in a footnote).

- world»). Beyond the claims and slogans, it is important to provide easily consumable data that explains the contribution of cooperatives.
- It is very important to reinforce group identity and self-confidence in belonging to the cooperative movement, and to provide value to what we do.
 - It is essential to use symbols (flags, anthems, and other external signs of belonging).
 - We should develop links between cooperatives with cultural heritage of communities.
2. **Advocacy.** We need to strongly reinforce cooperative advocacy at all levels. We have an incredible international network that we have to use for expanding our business. We represent millions of people in the world. Let's try to give them a voice through our organizations.
 3. **Education:**
 - We need to push our governments to include the cooperative identity (definition, values and principles) in the schools and universities both in theory and in practice. We cannot change society if we do not first change the values we teach to our children.
 - We need to explain and include the «cooperative way of doing business» in the business schools.
 4. **Thinking.** Our Cooperative Think Tank as a tool of spreading our point of view should become stronger.
 5. **Presence in social and economic fora:**
 - We have to claim our participation in the economic fora.
 - We have to claim our role in social and cultural dialogue.
 - We need to increase our business while increasing value for our members.

Building a virtuous circle

There is a circular relation between the two dimensions mentioned above, namely the mission, action and impact of cooperatives, and the value they therefore generate on the one hand, and the channeling of such value through communication, branding and other resources on the other. The circle can be a virtuous one if it is based on self-confidence and self-affirmation of one's identity, which, in turn, can be a source of

attractiveness within society, as it includes key elements (tentatively listed above) which people can strongly identify with, thus generating corresponding marketing benefits.

Now is the moment to change

Previous crises have been able to prove cooperatives' value in spite of signs of increasingly dangerous financial instability, growing social inequality, the exhaustion of the earth's and the atmosphere's resources. The shock which this pandemic is causing, combined with the evident linkages it has with other fundamental global issues such as inequality, discrimination, the destruction of the environment etc., could be providing an unprecedented chance to cooperatives, which they could also waste if they return to «business as usual». The World Economic Forum's founder has already launched the idea of the «reset», understanding that the corporate world can no longer afford to keep the old «business as usual» attitude because of the probability of incoming economic, health, social, and environmental debates this pandemic is bringing to the fore: this may be the moment that cooperatives can come into the open to show their value with self-confidence to their members, clients, providers, public and private partners and the wider public. This is likely to increase their competitiveness, thereby reinforcing their mission, action, impact and thus their value, increasing their competitiveness even more.