

Z: ZEITGEIST, EDUCATING DIVERSITY

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In order to function correctly, institutions must be products of the spirit of the age (*Zeitgeist*). If they are not, not only will they not help a country to develop, but they will become an obstacle (Monni, 2013). This applies to international institutions such as the United Nations, the International Monetary Fund or the World Bank, it applies to rules (which are also institutions) as in the Bretton Woods system, and it also applies to enterprises and, obviously, co-operative enterprises. Company missions, management, and training must adapt so that they are competitive and work as efficiently as possible in the world in which they operate. In enterprises in general and co-operative enterprises in particular, the training and education of managers and executives who must ensure that the co-operative enterprise keeps up with the plays an extremely important role.

The history of co-operative education

The important role of education was quite clear to the pioneers of the modern co-operative movement who in 1844 in Rochdale, near Manchester, laid out the movement's values. These included the development of co-operative education. The principles were updated and rewritten in 1995, again in Manchester, by the International Co-operative Alliance. In the 1995 revision, the fifth principle reads.

In the one hundred and fifty years of the history of the co-operative movement, this commitment has been honoured in a number of ways (Webster, 2012). The larger co-operatives, including the retail giants, have their own training schools, which also teach co-operative identity and history. The smaller co-operatives organize training courses and often focus on their co-operative nature. There is also the formal education provided by universities. In Italy, thanks to a series of legal requirements, co-operatives allocate some of their profits to supporting co-operative education and enterprise. The main aim of these initiatives is to train managers and executives, although another important aim is to draw attention within the universities to the existence of a form of enterprise that provides an alternative to capitalist and public enterprise.

In other countries such as the United Kingdom, there are currently no



university courses devoted to the co-operative sector even though this was the birthplace of the modern co-operative movement (the fact that it was also home to the industrial revolution, socialism and trade unionism is no coincidence). This can be explained by university system market trends and the crisis of British co-operatives. Generally speaking, it is hard to find three-year or specialised degree courses that are not financially viable. What is more, there are no powerful co-operative associations capable of sustaining them. Finally, the largest British co-operative, the Co-operative Group, has been hard hit by the financial crisis as has the Co-operative Bank which is now controlled by non-co-operative American shareholders.

Not just an identity crisis

If it does not invest in co-operative training and education, does the co-operative sector risk losing touch with its own? The situation in the UK prompts us to reflect on the nature of the co-operative enterprise, its presumed diversity, and the consequent need to provide 'special' training for co-op workers and managers. Is co-operative education important? Are co-operatives different from traditional enterprises? The recent identity crisis experienced by some Italian, Spanish, and British co-operatives (the same thing is also happening to a different extent worldwide) would seem to confirm that co-operative education and everything it entails is important, vital indeed.

Of course, co-operatives are first and foremost enterprises and as such must be on the market. Being on the market means offering goods and services that are capable of creating demand among consumers are interested in because of their quality and price and being paid for, for this reason. Co-operatives must not refuse the logic of market and profit; the market is a neutral institution which is neither good nor bad and profit is necessary if an enterprise is to survive and grow. However, there are many ways of being on the market and here, a good co-operative manager is essential. You can be on the market, for example, by focusing on the social responsibility of an enterprise, and it is in this specific area that co-operatives can stand out and become a model for traditional companies by enriching them with their ideas and values. Expertise but also an awareness of and sensitivity towards certain issues are some of the qualities that a good co-operative manager must possess.



Some misconceptions

Good education and training will also help to dispel some of the myths surrounding co-operatives, caused by dated assumptions which are no longer in line with the market and society.

The first misconception is that, even if it is not a capitalist enterprise, a co-operative does not need revenue and profits to survive and fulfil its economic and social role. For not all co-operatives are non-profit organisations and they too cannot ignore balancing accounts and producing objective profit and reserves.

Another misconception which needs to be clarified is size. Co-operatives do not necessarily have to be small. If co-operatives are enterprises, their size varies according to the area in which they operate, their business success, and national circumstances. In this respect, it is important to bear in mind that on average co-operative enterprises are almost four times larger than non-co-operative enterprises (fifteen employees in co-operatives compared with 3.8 employees on average for companies as a whole). Co-operative enterprises can obviously therefore be large, medium or small in size. There is certainly no truth in the fact that large co-operatives are not real co-operatives. There are large co-operatives which are considered exemplary as far as participation and financial success, international and otherwise, are concerned, just as, unfortunately, there are small co-operatives of debatable mutual and democratic nature. Both large and small co-operatives must invest in activities and tools that contribute to and maximise participation. Training is useful for both participation facilitators and all employee members.

Another myth which needs to be dispelled is that the co-operative sector plays an insignificant economic role. In many European countries, as well as in Asia and America, the co-operative sector is an important part of the economy. In Italy, the sector has over 60,000 companies with approximately 1,200,000 employees. The economic and social importance of the co-operative sector in Italy, especially in some provinces, is even greater than these figures show, making any measures that contribute actively to increasing perception and awareness among citizens and consumers all the more valid. Universities should therefore offer courses on the co-operative sector because it is a huge market to be exploited.

There is also widespread misunderstanding concerning the global role of the co-operative system. Many argue that there is only room for expansion of the co-operative sector in developing countries and in services that cater for the most disadvantaged members of society. Many are unaware



of the fact that the co-operative sector has an important economic role in more advanced countries and in almost all industrial sectors. Co-operative enterprises have demonstrated in Italy and throughout the world that they can operate in all sectors, including the manufacturing industry, building and construction, agriculture, banking and insurance, and the retail industry. They also operate in the electricity production sector (see letter M in this dictionary), higher education, telecommunications, advanced services, and creative industries. The idea that a co-operative must only operate in the sector in which it began is also somewhat dated. While complying with market rules and regulations, why prevent, for example, a food consumer co-operative from operating in the electrical industry, or an electrical co-operative from getting involved in the waste cycle? If pursued, strategic innovation and internationalisation will need to be supported by adequate in-house training or educational programmes within the co-operative associations or universities.

The attitude of those who praise co-operative enterprises and criticise capitalist enterprises regardless of their performance is also far from positive. We are all well aware of exemplary cases of large and small capitalist enterprises and deplorable cases of large and small co-operative enterprises. Co-operative rhetoric does not help the situation. If anything, the co-operative system should enrich the corporate world by promoting forms of worker participation that go beyond the co-operative sector.

Then there is the old story that the co-operative sector distorts market activity by taking advantage of tax incentives. This myth must be debunked since tax incentives are now few and far between and have always been granted to companies that accept restrictions on the distribution of profits and the use of reserves. Unfortunately, the few examples of predatory use of the co-operative form in the field of employment, housing, and social co-operation represent a slur that is perceived as being disproportionately large by those who work outside the sector. For this reason, every teaching or training programme should deal with the problem of fake co-operation and objective business and economic limits in the co-operative sector.

An important aspect that distinguishes co-operative enterprises from traditional ones is governance. In traditional enterprises, decisions are taken by those who own them, whether they are sole proprietors or groups of investors. In co-operative enterprises, on the other hand, decisions are taken according to the 'one head one vote' principle and not the proportion of invested capital. In this respect, co-operative enterprises are truly revolutionary because they conceive a change in paradigm inside the market and not outside the market as is often the case with those who want to criticise the mainstream paradigm.



A wasted opportunity

Some of the naivety mentioned here is probably also responsible for a huge wasted opportunity. The crisis years from 2008 onwards were also years marked by global protests against the excesses of capitalism and the market economy. The year 2012 was the high point of the crisis as well as being the international United Nations year dedicated to co-operatives. Nonetheless, the co-operative revolution which had been in progress since 1844 did not manage to exploit the crisis and influence movements such as 'Occupy Wall Street', for example, which challenged mainstream thought and its values, see chapter O. However, all is not lost.

The new paradigm which will replace the old one will not be an overnight change, but rather a gradual development of new, diverse ideas which will lead to the creation of a new model. Of these ideas, the co-operative is one of the most productive and we are confident that it will play an important role in defining the new model. Co-operative enterprises and associations must no longer be restricted to a passive role which simply deals with the current situation, but must actively contribute to developing the new paradigm as well as trying to attract new energy to the co-operative idea, energy that is hidden perhaps among the many young people who are disappointed by the outcome of the protest movements of recent years.

In this process, an important role must be played by the classroom (in universities or companies) and in the public sphere with support from co-operative associations and the involvement of protest movements and civil society.

Cooperative education for the 21st century *Zeitgeist*

We have argued that two recurrent errors which are opposite in nature are made when discussing co-operative enterprise. These two errors distance co-operatives from the . It is wrong to ignore their specific nature and diversities and it is also wrong to think that they can survive without developing the abilities and structures of traditional enterprises. If this is true, education and training in the co-operative sector must focus on two points, that of diversity and that of market competition with capitalist enterprise.

Although co-operation was established in 1844 with a commitment to 'educate, train and inform', this commitment has not been pursued with the same dedication in all countries in the world and in all co-operatives. This is due to a difficulty in identifying, as time has passed, what makes



co-operative enterprises diverse, as well as a lack of interest and ability. What is more, training has often also been neglected by traditional companies, but as we attempt to show here, co-operative enterprises have a twofold need for training and this lack of investment threatens their future in two ways.

Educating on diversity

The diversity of co-operative enterprise can be identified by considering a specific type of enterprise (consumer, work, credit, etc.) and the target community (large city, rural town, developing countries, etc.). With time, the mission and therefore the challenge of the diversity of co-operatives may change. Whereas in the past, small food co-ops had to guarantee, above all, low prices, today they focus on excellent quality and the sustainability of the supply chain. Whereas in the past, co-operative banks and co-operatives were the only ones that provided services to the working class, today their mission is to be a local bank for small businesses and the third sector. Whereas in the past, electric co-operatives were the only ones to bring power to mountain villages, today their mission is to sell green sustainable energy on the national grid. The exemplary nature of a small work co-operative which, 70 years later, has become a giant in the building industry may remain, but not necessarily in the same form as the original one. That diversity, which in the past was full democracy and the safeguarding of jobs, may today be a higher quality of contracts and safety in the workplace. Examples like these demonstrate that universities or company tutors cannot prepare lessons on diversity which are valid everywhere and always. Creating diversity means having the ability to collectively define its specific nature and taking steps to protect it from threats inside or outside the organisation. As we have discovered over the past few years, internal threats (unscrupulous managers, democracy only at a formal level) are often much worse than external ones.

Tutors must work on the ability of employee members to exercise democracy during meetings. They must therefore provide co-operatives with the tools (technological and otherwise) that are capable of mobilising the participation of members of consumer and user co-operatives. Here too, it is clear that we are dealing with different forms of democracy that develop over time according to the type of co-operative and the size and type of membership (ideological, economic, pragmatic, idealistic). The ability to mobilise thousands of people with the right to one man, one vote and effectively manage large assemblies and meetings is not a traditional



managerial skill but is something that can be taught.

Educating on democracy is not just a political or aesthetic exercise. Stimulating and educating on participation involves encouraging the ability to have control over management, thereby contributing to good corporate strategies and maintaining co-operative diversity which has been collectively identified and updated. People must be physically or indirectly present using the latest technology and must be able to read company documents and interpret corporate strategies in order to exercise democracy and control. Tutors must therefore work on the ability to listen to members and management's ability to communicate and they must contribute to defining tangible and intangible incentives for the informed participation of members. The ability to involve people is something that can be taught just as the ability to listen and collectively develop ideas and actions can also be taught. Even delegating tasks is something that must be taught, organized, and controlled. Any co-operative that ignores democratic processes and does not establish an effective system of governance, with help from external professionals such as university teachers, for example, is bound to lose its diversity.

Obviously, the exercising of democratic rights is not enough to define a co-operative as such or create a successful co-operative. Conversely, the sterile exercising of democratic rights or corporatism disguised as co-operative democracy (see, for example, some co-operative banks) is a threat to both co-operative identity and its ability to compete. Tutors can teach collective decision-making without sacrificing speed and the ability to innovate.

Ethics and corporate social responsibility, on the other hand, cannot be taught. However, tutors who have worked well on participation and the effectiveness of democratic processes will have contributed to the ability of the co-operative to behave more responsibly than traditional enterprises and proudly offer an alternative. The fight against fake co-operatives and the internal and external tools needed to do this can, on the other hand, be taught. The recent campaign against fake co-operatives conducted by the Alliance of Italian Co-operatives (ACI) is an excellent initiative, but each individual training activity should deal with the problem of fake co-operation and the objective business limitations of the co-operative sector, especially in certain Italian regions.

Educating on market competition

However, as we have mentioned, democracy, participation, responsibility, and co-operative identity alone will not keep a co-operative on the



market and, ultimately, effectively serve its own members and customers.

The profits allocated by law to supporting education and co-operative enterprise must also be used to develop traditional skills and expertise which are essential to any type of enterprise that competes on the market, not only co-operatives but also state-controlled companies, to give another important example. What is more, the ability to compete derives to a large extent from the ability to recruit the best talents who are attracted first by opportunities for professional development and then by salary, contract, type of company or industrial sector.

The challenge that faces university Master's degree courses in the economics and management of co-operative enterprises is to offer general professional training (marketing, economics organisation, finance, law) which is solid and enticing enough to attract not only students who are already studying or interested in the co-operative sector. As we have already pointed out, the co-operative system should aim to enrich the traditional corporate world by promoting forms of worker participation regardless of company form. This is a new mission which some co-operative associations are evaluating for the future. For university Master's degree courses in co-operative economics, this is a feasible objective which would substantially extend the market and the impact of its academic curriculum. Basically, co-operative enterprises can teach traditional enterprises something and traditional enterprises also have much to offer to co-operatives. Master's degree courses in co-operative economics should draw inspiration from both models and focus on both markets.

Education, both within companies and universities, must also address the issue of identity and must do this in an original, counterintuitive way. Tutors must work on the need for economic sustainability and the notion of profit rather than the rhetoric of non-profit or the culture of public support. It is important to work on the challenge offered by growth and integration between various co-operative organisations, which should be encouraged rather than feared.

Tutors must also combat the common belief that co-operatives are destined to operate in traditional niche sectors and must provide the tools for developing new company strategies. In advanced countries, there is scope in almost all the non-capital intensive sectors, and education must at the very least encourage discussion on product innovation and entering new sectors.

Internationalisation has also given way to a culture of localism. Some work co-operatives manage factories in China whereas some consumer co-operatives manage purchasing and import groups abroad and others



export and offer services worldwide. However, when compared with the rest of the economy, the co-operative sector is less prone to internationalisation. Education can help to overcome this limit by introducing new skills and expertise as well as a new way of conceiving the mission and horizons of co-operative enterprises.

Good quality co-operative education conceived along these lines can make a real contribution to the creation of a revolutionary co-operative sector and can fuel that change in paradigm which many people have been hoping for in recent years. Indeed, a revolutionary is someone who is the first to see changes in society and markets and the first to seize the opportunities offered by the new by embracing it ahead of the others and helping to give it form and substance.

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