Cooperative to Cooperative collaboration and its impact on value-chains

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THE ROLE OF COOPERATIVES IN ECONOMIC AND SOCIAL DEVELOPMENT:
SUPPORTING COOPERATIVES AS SUSTAINABLE AND SUCCESSFUL ENTERPRISES
30 MAY TO 1 JUNE 2023
UNDESA, New York
Outline

1. The types of cooperative networks
2. The impact of cooperative networks on value chains
3. The cooperative advantage
4. Examples of value chains harnessing cooperative values
Types of cooperative networks

- Cooperative networks
  - Informal
  - Coop to coop business
  - Secondary cooperatives & groups
  - Associations
  - Complex networks
Networking/peer exchange
Information sharing
Advice
Ad hoc procurement

Purchase
Supply
Finance
Procurement

Shared services
Enterprise development
Consortia

Sectoral
Regional
National
Supra-national

Partnerships
Emerging networks
The commons

Cooperative networks

Informal
Coop to coop business
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What?
People-centred: affinity for relationship building; solidary support
Values alignment
Sharing experience

Cooperative networks

- Informal
  - Strategic Alignment
  - Shared values translated to operations
  - Non-market activity
  - Building the movement

- Coop to coop business
  - Economies of scale
  - Cost reduction
  - Joint interest outside core business
  - Bidding on large contracts
  - Growth through spinoffs

- Secondary coops & groups
  - Representation
  - Sector & cross-sector collaboration
  - Education
  - Policy advocacy

- Associations

- Complex networks
  - Strategic Alliances
  - Social / Environmental Policy Initiatives
  - Government / NGO Partnerships
  - Building the SSE

Why?
Successful Co-operative Complexes

Co-operative Identity
- Shared Understanding of Purpose, Values & Principles

Inter-cooperation
- Secondary Co-ops, Federations, Consortia

Co-opreneurship
- Co-operative resources & structures for development

Advocacy & Representation
- Local, Regional & National Associations

Source: Crowell 2022
Value chains & value systems

Value chains include value added through

- Product’s lifecycle (design; production; consumption; life after consumption)
- Related activities (marketing, distribution…)
- Intangibles
Mutual value - dimensions

1. Decommodification
   - Disintermediation
   - Commerciality
     - Generation of sustainable economic value for current and future members through business operation.

2. Shaping Markets
   - Creating, maintaining and/or shaping sustainable and competitive markets for goods and services

3. Participation
   - Democracy
   - Member Relationships
     - Building and maintaining meaningful and sustainable relationships with members of the CME

4. Internalizing externalities
   - Community Relationships
     - Building and maintaining strong and sustainable relationships with the broader community beyond the members of the CME

5. Ecosystem and Reciprocity
   - Stakeholders of the CME are part of a mutually beneficial and sustainable ecosystem, a ‘virtuous circle’

6. Transformation
   - Mutual Mindset
     - Acting ethically, sustainably, and consistent with mutual/cooperative values

Source: P. Thanbar 2020
Cooperative value chains

Cooperative value chain

- Economic gain (rents) are shared through the chain – distributional justice
- Governance and control – democratic, includes members and partners
- System level – networks; cooperative values (solidarity; sustainability)
Sustainable value chains

- World Business Council for Sustainable Development (WBCSD) identifies factors for implementation of sustainable value chains:
  1. Leveraging the power of collaboration
  2. Understanding consumer needs
  3. Identifying hot spots for most impact
  4. Ensuring healthy supply and demand
  5. Commitment to the initiative
1. Leveraging the power of collaboration

Challenges:
- Needs trust
- A shared vision of sustainability
- Long term relationships
- Working with competitors
- Perceived anti-competitive collusion

Cooperative advantage:
- Values-aligned partners
- Reciprocity
- Long term view
- Multistakeholder focus
- Antitrust law exemption
2. Understanding consumer needs

Challenges:
- Understanding consumer needs
- Proactively encouraging them to make new choices
- Being honest about the impact and benefits of new solutions
- Using right communication channels

Cooperative advantage:
- Self-help
- Democratic governance/participation
- Open communication
- Educational campaigns
3. Identifying hot spots for most impact

Challenges
- Understanding where in the chain is the greatest impact
- Not disclosing too much information
- Lifecycle assessment

Cooperative advantage
- Open book approach
- Relational exchanges
- Lifecycle assessment includes social impact
4. Ensuring healthy supply and demand to reach scale

Challenges
- Scale for profitability
- Large investments are required - more costly than traditional chains

Cooperative advantage:
- Collective action to address unsustainable practices
- Purpose
- Self-help
- Indivisible reserves
- Investments aligned with values/ networks/ development funds
5. Commitment to the initiative

Challenges
- Needs a clear business case to communicate “value proposition”
- Top management commitment is necessary (Danone case - Emmanuel Faber)

Cooperative advantage
- Sustainability embedded in the co-op identity
- Long-term view
- Intergenerational transfer of wealth
A ‘values project’ - examples

- Cooperative fair trade

Source: Crowell and Reed 2010

Fig. 5-4: Decentralized Global Co-operation in the Fair Trade System
Source: Crowell and Reed 2010
Upstream ownership

Indigenous culture
Multistakeholder network
Multistakeholder cooperatives

Circular cooperative economy
TOWARDS SUSTAINABLE & INCLUSIVE SUPPLY CHAINS

LACK OF INCLUSIVITY
- Labour exploitation
- Child labour
- Exacerbated inequalities

LONG GLOBAL SUPPLY CHAINS

MORE INCLUSIVITY
- Respect for workers’ rights
- Lower inequalities

SHORTER SUPPLY CHAINS
- that benefit the local economy

LACK OF TRANSPARENCY
- Difficult oversight

MORE TRANSPARENCY
- More direct relationships
  - Better oversight

LACK OF SUSTAINABILITY
- Environmental degradation
- Waste of resources

MORE SUSTAINABILITY
- Local materials
- Environmental sustainability

Disintermediation

LOCALISATION

INCREASED RISK

Promote social economy worldwide:
Meaningful implementation of Social Economy Action Plan

European Union

Concord

With the support of:
Fair Trade, coop, International Cooperative Alliance, Europe
Recommendations – promote:

Education
- *How to operationalize the cooperative identity?*
- Peer to peer learning and exchanges
- Support research chairs on cooperatives in universities (business schools in particular)
- Thought leadership (think tanks)

Cooperative development networks
- NGOs supporting the coop model
- Cooperative developers
- Multi-level cooperative capital options (eg Quebec)
Recommendations – promote:

Regulation (which protects the co-op enterprise model)
- Indivisible reserves
- Asset lock
- Preferential treatment (tax or other) since asset lock is a startup disadvantage, and company becomes a public good
- Cooperative funds
Thank you!
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