

Cooperatives and the Creation of Social Capital

The case of Caring Home Services in Rural Wisconsin.



Introduction

- Cooperative: An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically- controlled enterprise (ICA).



Introduction

- Social capital: the norms and networks that enable people to act collectively. (Woolcock and Narayan, 2000)
 - Bonding
 - Bridging
 - Linking
 - Trust
 - Group participation
 - Network building



The Research Problem

- There is a gap in research:

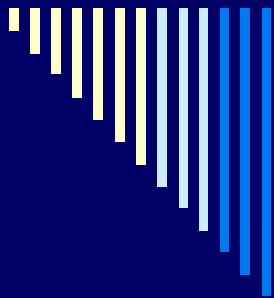
Abundant literature on cooperatives (consumer and agriculture cooperatives) and social capital YET not as much work has been done on how cooperatives create social capital.

- This study explores the potential role of worker-owned home care cooperatives in the creation of social capital.
- This work will help to advocate for the cooperative model as a tool for social and economic inclusion.



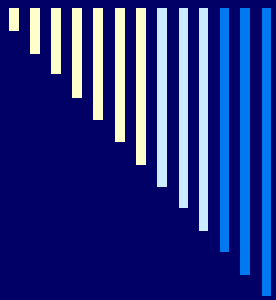
Why worker-owned co-ops

- **Worker-owned coops are both stable and socially responsible.** (Hansen, Coontz and Malan, 1997, <http://www.rtc.ruralinstitute.umt.edu>)
- **Worker ownership leads to community stability.** (Fairbairn et. al., 1995, Hoyt, 2004, UN General Assembly, 2005)
- **Assuming cooperatives create social capital, worker-owned coops provide the greatest opportunity for the creation of social capital and enhancement of community stability.**



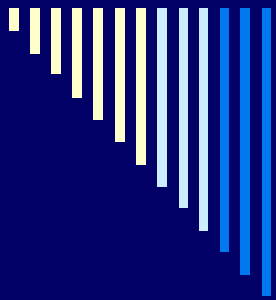
Research Questions

- How do worker-owned cooperatives create social capital?
 - When worker-owned cooperatives create trust, how do they do this?
 - How do worker-owned cooperatives enhance member participation?
 - When worker-owned cooperatives enhance social connectedness, how do they do it?
 - How do the social networks and ties created in cooperatives enhance the well being of cooperative members? (Woolcock)



Underlying assumptions

- For a cooperative to be developed and be successful there should be within the community a certain level of social capital (trust).
- Individuals can achieve significant benefits from participation in cooperative business. One of these benefits is accumulation of social capital.
- Participation in a cooperative business strengthens existing bonding social capital and creates bridging social capital.



Research Design

- Qualitative Design : holistic, in-depth investigation.

- Case Study: Caring Home Services + JBS
 - Real life context
 - Multiple sources of evidence
 - Triangulation of
 - methods (interviews, survey, documents)
 - data sources (members, professionals, clients and employees of a privately owned firm)



Why comparative data?

- Several actors are involved in the provision of home and personal care to the elderly and the disabled.
 - Cooperatives
 - Private Organizations
 - Local government programs

- Assuming these forms of organizations create social capital, assessing how data from other organizations in creating social capital substantiate data from the co-op is critical.



Data collection techniques

□ In-depth interviews

- Caring Home Services: 37 of which 22 with members, 10 with professionals and 5 with clients.
- JBS: 17 of which 6 with management, 9 with employees and 2 with clients.

□ Survey

- Caring Home Services: 27 of which 14 were completed,
- JBS: 20 of which 16 were completed.

□ Document analysis

- Business plans, Bylaws, Communication logs, Newsletter & flyers, Newspapers, Minutes.



Data Analysis

□ Preliminary Analysis

- Reflecting on every interview before the next
- Summarizing interviews to identify emerging themes concepts
- Transcribing

□ Final Analysis

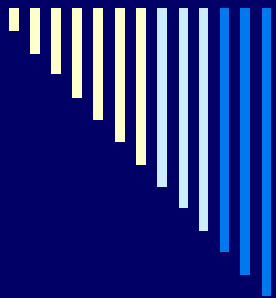
- Understanding the data
- Organizing the data into categories (coding for themes)



Findings

“When I first started [working at the cooperative] I did not see any other co-workers because you go house to house and you do not see other co-workers. But since we are owner-members and we own this [business] I became more involved in committee meetings, the trainings sessions and then I became a mentor and went through the mentor training and now I have “mentees” who I talk to. This is helping [me] get to know some of the members. (Interview with researcher, May 18, 2006).”

“I believe it [the cooperative] has boosted their self-esteem and their confidence enormously. They have all learned a great deal about the day to day operations of a business....It’s not just me it’s now us, I see that just in their body language. They walk taller, they have pride in what they are doing, they are able to verbalize (Interview with researcher, May 10, 2006)”



Findings

- Caring Home Services creates social capital through opening opportunities for :
 - ownership, participation, interaction, training and information sharing.

- Members who take up these opportunities enjoyed
 - increased self-confidence;
 - increased opportunities for member interaction;
 - increased trust among them (bonding social capital), with professionals and their clients (bridging social capital);
 - increased number of contacts (bonding and/or bridging);
 - increased skills (leadership, organizational, punctuality) which improve their employability within and outside the co-op;
 - improved financial and social benefits.



Implications

- Ownership, participation/interaction and information sharing are central to social capital creation.
- Worker-owned cooperatives promote ownership, participation and information sharing.



Implications for Zimbabwe

- Zimbabwe's Economy
 - Inflation rate: 60% in 2000; 100 000% today
 - Unemployment rate: 50% in 2000; over 80% today
 - HIV/AIDS rate: 1 in 4 infected.
- Informal Economy:
 - Refers to owner/operator businesses of the urban poor, unskilled or semi-skilled workers, and the chronic unemployed.
 - Rely on indigenous resources, small-scale operators, unregulated and competitive markets.
 - Not subject to formal contracts, licensing and taxation
 - Employs over 50% of total urban employment.
- Agriculture Industry:
 - Land redistribution exercise

The Informal Sector in pictures (furniture making)



The Informal Sector in pictures (vegetable selling)



The Informal Sector in pictures (street side flower vendors)



The Informal Sector in pictures (brick making)





Implications for Zimbabwe

- Need for growth policies that emphasize ownership and employment

- Co-operatives offer an alternative:
 - Alleviate unemployment by utilizing the available labor pool of the poor.
 - Improve human capital through the provision of education and training.
 - Improve well-being through better financial and social benefits.



Future Research

- There is need to study a large sample of worker-owned cooperatives in different industries, of different sizes, diverse membership particularly in the developing world.
- Social capital creation among different types of cooperatives (consumer, producer).
- Social capital creation in employee ownership programs.



THANK YOU

Questions?

