

**The Business of Co-operative Education:
Saint Mary's University's
Master of Management -- Co-operatives
and Credit Unions**

By

John Chamard, *Saint Mary's University*
Stephen Dutcher, *University of New Brunswick*
and
Tom Webb, *Saint Mary's University*

Mondragon Co-operative Conference
Onati, Spain

June 2005

Introduction

Co-operatives have an abiding need for competent managers who embrace both the principles of co-operation and the latest in managerial best practices. This need was recognized over 80 years ago:

. . . we have two theories regarding the administration of co-operative businesses, and they differ sharply. . . . “We are interested in starting a store . . . and we intend to get the best technical expert that the business world has to offer . . . [or] . . . if we buy up the superlatively efficient managers of Private Business . . . We have the body and form of Co-operation and have lost the spirit. (---, 1924)

This was echoed in a recent Australian article posted on the world wide web:

The board needs to be careful that it does not assume that its role is to manage the co-operative and that the manager’s role is to manage the business. This creates an unhealthy division that will not necessarily be noticeable in the short-term but will have long-term unintended consequences. There should be no separation between “co-operative” and “business.” Instead, there is a need to recognize that co-operative managers need to integrate co-operative values within their management practice. (Griffith, 2003)

Current Offerings

There are currently three types of courses / programs available for post-secondary school students with an interest in co-operatives:

- Courses in functional techniques for co-operative employees and supervisors. Organizations such as the Co-operative College in the U.K. (which offers, for example, training programs for retail co-operative sales clerks) or the Credit Union Institute of Canada (CUIC) (which trains employees of credit unions in technical aspects of their jobs) do a great service to the co-operative sector by facilitating employee up-grading.
- What can best be called “co-op appreciation” courses typically offered as electives in a B.A. program. These courses are useful in spreading public appreciation of the role of co-operatives and how they can serve the interests of citizens and their communities.
- Single courses that can be taken as part of MBA or B. Commerce/BBA programs. These give students the flavour of co-ops in much the same way that a single course in insurance or tourism might scratch the surface of those specialty areas.

Alas, none of these types of offerings answer the managerial needs of co-operatives and credit unions as they struggle to survive and prosper in an increasingly competitive and multinational world. Parnell (2000) writes eloquently of these needs:

Senior managers of large scale co-operatives, directly recruited from investor-owned businesses frequently, rarely have access to any appropriate development or training; as a consequence they are often left to discover for themselves how they should function within a co-operative organization. Many never learn what it means to properly manage a co-operative undertaking, often with disastrous consequences.

As sound a retail capitalist as Edward Filene had this to say about co-operative stores: “A good co-operative manager must be as familiar with the ideas and principles of co-operation as he is with the business principles of store management.” (---, 1945). And Davis and Donaldson (1998) concur: “Co-operatives are different enough from mainstream management to require their own principles, concepts and training materials.”

The Co-operative Difference

How are co-operative businesses – and that descriptor includes credit unions as well as a wide variety of other co-operatives – different? The core reason is that the purpose of a co-operative business is different from its investor-owned counterparts. Regardless of their business specifics, investor-owned firms share a common, simple and core purpose – the highest possible return on capital for the investors that created them. Co-operatives, on the other hand, are created by groups of people or businesses to meet their needs and who have chosen, by adopting the co-operative form, to adopt a set of values and principles. Those values and principles create a linked set of differences including a commitment to make decisions in a democratic manner based on one member, one vote rather than one share, one vote. The co-operative principles also include limiting the return on capital. In a co-operative business the “surplus” remaining from revenue, after costs and capital formation are accounted for, is divided among members according to their use of the business they own.

This difference in business purpose leads to strong demands on managers to deliver not only on financial goals but on other social and business goals as well. Members created their co-operatives so that they would have a business to meet their needs that operated and behaved differently. At the outset they wanted stores that did not put chalk in the flour or rock in the coal and where a pound weighed a pound, not 12 ounces. Co-operative members expect a significant difference that changes and shifts over time and responds to a changing society and marketplace. Chalk in the flour is no longer a problem, but consumers expect the co-operatives they own to deal differently with a host of other consumer issues. The differences members and the public expect are both economic and social, the latter reflecting the co-operative values and principles and co-op's community roots.

The result is that managers of co-operative businesses face expectations to deliver on a series of “co-equal bottom lines”. In recent years these bottom lines have included having a light negative impact on the ecology, treating employees better than other businesses, contributing to the health of communities, providing healthy and safe products, adding to social cohesion, and creating more economic and social justice. In investor-owned businesses, managers are expected to ensure that operations do not generate bad public relations around such issues and operate in way that will not harm their “bottom line”. In co-operatives these issues are bottom lines. To manage well, co-operative managers must be able to measure how they deliver on these additional bottom lines and equally importantly to systematically balance their “multiple bottom lines”.

Co-operative businesses also have to deal with challenges that have emerged out of an evolving co-operative culture. When credit unions and co-operatives were small, the role of the manager was often seen as looking after the business while the board saw to its co-operative nature. This is not a tenable position now that many co-operatives have grown enormously. Moreover, as a result of their competition with non-co-operative businesses, credit unions and co-operatives were often disadvantaged by the need to do things their competitors were not required to do; an increasingly common response to this problem within co-operatives was to believe that doing “that co-op stuff” would bankrupt them. On the other hand, unless there is a significant difference between co-operatives and investor-owned businesses, members saw less and less reason to remain loyal. Simply copying successful business practices of investor-owned companies made differences blur. The pressure on co-operative managers to be innovative and creative has been and is pervasive. They need to develop unique co-operative business solutions but largely lack the equivalent nurturing environment created by the research and curriculum in business schools.

The predominance of the consumer co-operative model in the English-speaking world led to a “silo pattern” of co-operative businesses. In spite of the principle of co-operation among co-operatives, farm co-operatives seldom established business links with retail co-operatives,

housing with insurance and retail co-ops, worker with funeral co-ops, etc. Fraternal links and good will existed, but solid business links were rare. Common business opportunities and synergies were missed. Dependence on non-co-operatives – such as banks – meant dealing in non-co-operative ways with businesses that simply did not understand what co-ops were about. Consumer co-ops increasingly relied on products made by subsidiaries of their competitors. Banks wondered why the co-op was not set up as a “real business” and did not behave like one.

The success of co-operatives led to growth and the need for more sophisticated and specialized management knowledge. For a variety of reasons co-operative businesses did a less than-satisfactory job of educating “inside” managers either about business management skills and issues or thinking about how to apply the co-operative nature of their businesses to a rapidly evolving world. Growth in co-operative enterprises increasingly led to the need to bring in expertise from non-co-operative businesses. Again, a less-than-satisfactory job has been done in helping these new managers to understand the co-operative nature of the business and generate co-operative business solutions. A significant contributor to these problems was the lack of access to educational curriculum or research tailored to meet the needs of co-operative businesses.

The Saint Mary’s University Response

Saint Mary’s University in Halifax, Nova Scotia already had both a strong MBA program and a PhD program. So why did Saint Mary’s choose to create a separate and distinct management program designed for co-operative and credit union managers? The short answer is that we concluded that the demands of managing a co-operative were so significantly different that neither an regular MBA program nor an MBA program with a course or two on co-operatives would be an adequate response. Moreover, there was not, to the best of our knowledge, any program in the English-speaking world that combined the principles and practices of co-operation and business in a way that would produce tough-minded managers imbued with the co-op spirit. Saint Mary’s University, therefore, would have “first mover advantage” in creating a specialized program in co-operative management.

Why had such a program not been created beforehand somewhere else? Although there are a large number of co-operatives spread around the English-speaking world, they are not so geographically concentrated as to be instantly recognizable as an obvious educational market. Moreover, the research and teaching skills needed for a viable program (especially at the graduate level) are not to be found in a single university. These skills, like co-ops, are spread throughout the world. This situation led the advocates of a new paradigm – a tight blend of co-operative values and managerial techniques – to come together to push for a program that addressed this gap in the education of managers of co-operatives. They concluded that such a program could only succeed if it drew on both students and faculty from around the English-speaking world. These advocates, through their respective co-operatives and credit unions, came together to form the Co-operative Management Education Co-operative (CMEC). CMEC is a unique co-operative made up of three classes of members: co-operative businesses; institutions or organizations involved in co-operative education; and, interested individuals including retired senior managers, academics and supportive persons. Most of the co-operative businesses made contributions to the CMEC Development Fund. The co-operative business are the dominant members of the co-operative. Since its creation in 2002 by six founding co-op businesses, the CMEC membership has grown to fifty six members from six countries including forty businesses and five national co-operative organizations. (See Appendix 2) Contributions to the Fund have ranged from \$135,000 to \$5,000 and total just under \$800,000. (Dollars Canadian) In addition there have been significant contributions 'in kind'.

The CMEC has supported the development of the Master of Management – Co-operatives and Credit Unions program at Saint Mary's.

The program itself is based on a number of related assumptions including:

- Bankrupt co-operatives do not meet member need
- Unless a co-operative is different neither members nor society needs it
- Values based business is increasingly important in a rapidly globalizing world.
- Co-operative business needs unique and innovative co-operative business solutions to continually recreate their difference.
- A sound program must weave together a sophisticated understanding of both the nature, values and principles of co-operation and business issues and skills in every part of every course

- Managers must have the opportunity to explore how the co-operative business model can be a superior vehicle for people to meet their needs for goods and services in a rapidly globalizing world.
- Managers need sources of rapid access to new and innovative co-operative ideas
- There is need in countries where co-operatives are a minor part of the economy to understand that co-operatives in other countries are the leading engines of their economies.
- How the program is delivered is an important element in its effectiveness

The program consists of twelve half-courses spread over three years (which would be called three-credit-hour courses in the U.S.) plus a full-course equivalent thesis in the final year. There is also a field trip for the students – either to the Mondragon co-operatives or to the northern Italian co-operatives around Bologna. The courses, designed and delivered by academic and practitioner experts from Canada, the United States and the United Kingdom, cover topics such as the history of co-operatives, the global economy, co-operative financial analysis, marketing the co-operative advantage and co-operative management (for a complete listing of the courses see Appendix One). All courses attempt to integrate theory and practice, and each student's thesis focuses on creating a plan to bring improvement to that student's co-operative.

These courses are taught using threaded discussions on the world wide web (through WebCT out of Saint Mary's University) to help overcome time differences between and among the students' home locations (which currently include Canada, the U.S. and the U.K.). All of the students are currently employed in management positions in co-operatives or credit unions; the students maintain their position within their organization, albeit with somewhat reduced responsibilities during their participation in the program. To date there have been two intakes of 15 students each, with a third intake set for this September – the first graduates are expected in the fall of 2006 – and students have ranged in age from late-twenties to mid-fifties and occupy positions ranging from junior manager to CEO. Their employers include retail, primary producer, insurance, financial services, agricultural, housing, and worker co-operatives.

The Pedagogical Approach

While it is crucial that material on co-operatives be integral to the education of co-operative and credit union managers, it is also important to consider how that education is delivered. Implementing a focus on co-operatives in such a program, in other words, is still problematic if the courses are structured in the same way as a typical university program. University courses usually utilize a lecture-based format in which the instructor is seen as the “expert” whose duty it is to fill the essentially empty heads of his/her students with knowledge with the students re-gurgitation that knowledge back on tests and assignments; Paulo Freire calls this the “banking conception of education” (Freire, 1970). In some of these courses there may be some room for discussions and questions, but this is on an ad hoc basis, and can occur or not occur according to the inclinations of the instructor and students, the classroom dynamics, etc.

There are several problems with this conventional pedagogy. While a lecture approach does allow an instructor to potentially cover a significant amount of material, student retention of that material is not the best. Research has shown, for instance, that after 24 hours students retain merely 5 percent of material presented in a lecture, 15 percent from audio-visual material, 50 percent from discussion groups, 75 percent from practicing by doing and 90 percent of material that they have had to teach to others (Gair, 1994) . Moreover, not all students learn best by sitting and listening to an instructor lecture; some students gain great benefit from a more experiential approach.¹ The lecture approach also encourages a passive approach to learning by the students; they can merely sit back and absorb the instructor’s knowledge, asking the occasional question if they desire. Not only is class participation largely limited to students who are not shy about speaking up in front of the whole class, but time constraints further inhibit a broad range of input from a significant number of students. Lectures likewise promote essentially a two-way dynamic in a classroom – the instructor vis-à-vis individual students – and neglect potential didactic interactions between and among students. Learning, in this model, is both individualistic and competitive.

¹ Individual students, according to Kolb (1984), tend to favour one of the four “adaptive learning modes – concrete experience, reflective observation, abstract conceptualization, and active experimentation.” Based on students’ learning styles, he concludes, for instance, that learners who preferred the “reflective observation” learning style favoured lectures from an “expert” instructor, whereas learners who were prone to “active experimentation” favoured “small group discussions” and projects.

These shortcomings are further complicated by the constraints of an online classroom environment. In a face-to-face classroom, for example, the lecture approach is at least supplemented by some social interaction among students and some interaction with the instructor; in an online classroom, the format is all too often merely lecture notes transcribed onto a computer screen by a far-away teacher. Students are thus left isolated, staring at a computer screen, and scrolling down endless pages of lecture notes. This isolation often leads to both poor completion rates by students of their work and poor retention rates of students in their programs.

The online Saint Mary's University Master of Management – Co-operatives and Credit Unions addresses these pedagogical issues by taking a fundamentally different approach to education based on two principles: problem-based learning and co-operative learning. Problem-based learning consists of structuring student learning by posing one major problem or a series of related issues, and students are asked to work, often collaboratively, to resolve them. This can vary from examining one, very open-ended, major question that might occupy students for a whole term to much more focused work on a specific, limited issue that might span only one class, as detailed, for instance, in Glasgow (1997) and Peterson (1996).

Co-operative learning is substantially different, and based on five principles:

- 1) positive interdependence (students have to work together in order to succeed)
- 2) the promotion each other's success through structured interaction
- 3) individual and group accountability (no social loafing or hitchhiking)
- 4) the promotion of interpersonal and small group skills such as leadership, decision-making and conflict management
- 5) the processing of how well a group works together and how things might be improved

In terms of actual implementation, co-operative learning means structuring student learning around tasks that necessitate interdependent action by students working in small groups that are assisted by an instructor who sets the tasks to be tackled, provides the necessary background information for students to address the issue(s) and facilitates the students' deliberations. The instructor, unlike the "expert" in the banking conception of education, is "not a sage on the stage, but a guide on the side" (Abrams, 1995).

The Master of Management – Co-operatives and Credit Unions program was structured from the beginning to include both of these approaches. Each incoming cohort of students is divided into small groups of three students (that are rotated each semester), with each group assigned a “private” discussion forum for working on the course modules. Student deliberations take place through the threaded online discussion groups. Typically, the courses are divided into six, two-week modules and each module includes a central issue or problem to examine, an overview of that problem or issue, crucial background information, and readings and/or exercises for the student to complete to help them address these problems/issues collaboratively. Students are also provided with “To Do” lists of questions; the students, in their small groups, have to answer these questions by working together and then posting a collective response to the “public” Open Forum or other special discussion forum where all of the class members can read it and give comments. The students are assessed on both the quality and quantity of their participation in the small groups, the Open Forum and any other special discussion forums as well as individual assignments and/or tests.

An example of how all of this is structured is seen below in the “Discussion Board” from last fall’s MMC 500.1 – “Philosophical Origins and Historical Evolution of Corporate Governance” – one of the first two courses in this masters program. Aside from spots for general questions and concerns (“Main”), help with Web CT (“Technical Support”) and a forum for students to socialize online (“Student Lounge”), each small group had their own “private” location or small group discussion forum, a shared Open Forum and three special discussion forums (“Consumer Co-operation,” “Don Jose Maria’s ‘Reflections’” and “Social Audits”). The small groups’ discussion areas were “private” in that students from other groups could not access them; the instructor has access to everything except the “Student Lounge.” This Discussion Board was part of a broader “Communication Tools” within which students also had email access to the instructor and each other and, as can be seen from the number of messages posted during the fall term, was the focus of a substantial number of postings by the 15 students in the class and their instructor.

Discussion Board, MMCCU 500.1 – “Philosophical Origins and Historical Evolution of Co-operative Governance” – Fall, 2004

Discussions

Compose message Search Topic settings

Click on a topic name to see its messages.

Topic	Unread	Total	Status
Main	0	121	public, unlocked
Notes	0	0	public, unlocked
Technical Support	0	0	public, unlocked
Student Lounge	0	13	public, unlocked
Group 1	0	45	private, unlocked
Group 2	0	101	private, unlocked
Group 3	0	155	private, unlocked
Group 4	0	101	private, unlocked
Group 5	0	120	private, unlocked
Open Forum	0	129	public, unlocked
Consumer Co-operation: The Most Important Type of Co-operation?	0	50	public, unlocked
Don Jose Maria's "Reflections"	0	21	public, unlocked
The Social Audits	0	60	public, unlocked
All	0	916	---

The implementation of these alternative pedagogies in the Master of Management – Co-operatives and Credit Unions was not, however, without its problems during the first year of the program (2003-04). At the beginning of that first year, we had divided the class of 15 first-year graduate students into small, heterogeneous groups of between 3-5 students each (based on gender, type of co-operative, and geographic location). We quickly found out, however, that groups of three students each was the best size in terms of facilitating close communication and efficient work distribution within each group. The division of the course into modules followed a similar pattern; while some courses initially had as many as twelve, one-week modules, the best balance was found in having six, two-week modules to allow the students sufficient time to go over the reading material and to collaborate with the other members of their small group. The program administrators, the course instructors and the

students all had to also struggle with finding the most appropriate balance between the two graduate courses each student had to take per term and the full-time work commitments and family considerations of the students.

While this pedagogical approach in the Master of Management – Co-operatives and Credit Unions is far from perfect, it does provide a significant improvement over the traditional, lecture-based format. By placing students in small groups and designing the courses as a series of problems or issues to be addressed by the students collectively with the assistance of the instructor, a more active learning environment is created which necessarily draws upon the insights and knowledge of the students themselves, and this is particularly important as the students in this program are mature students currently working in co-operatives and credit unions who bring a wealth of experience to the online classroom.

Conclusion

The Master of Management – Co-operatives and Credit Unions at Saint Mary's University is an attempt to address a serious deficiency in the education of managers of co-operative enterprises in the English-speaking world. Co-operatives and credit unions are fundamentally different from investor-owned enterprises, and they require a much different approach in the training of the members of their management team – both in terms of content and pedagogical approach. If co-operative businesses are to flourish while having to compete within capitalist economies, then we as co-operative educators have to try to provide up-and-coming co-operative managers with opportunities for the development of their analytical skills and co-operative values with which they can help counteract the pervasive investor mentality that is so common in the world today.

Appendix One
Program Summary

<u>Course Number</u>	<u>Course Title</u>
MMC 500	Philosophical Origins and Historical Evolution of Co-operative Governance and Business Practice
MMC 510	The Emerging Global Economy and Society from a Co-operative Perspective I
MMC 520	Comparative Co-operative Practice I: Variety and Range of Co-operative Business
MMC 530	Co-operative Financial Analysis and Management I
MMC 540	The Emerging Global Economy and Society from a Co-operative Perspective II
MMC 550	Field Research: Study Visits to Exemplars of Excellent Co-operative Business Practice
MMC 600	Comparative Co-operative Practice II: Co-operative Innovations and Best Practice
MMC 610	Technology, Communication, and Co-operation
MMC 620	Marketing the Co-operative Advantage: Co-operative Education, Member Relations, and Marketing
MMC 630	Co-operative Financial Analysis and Management II
MMC 640	The Co-operative Management Approach I: Governance, Planning, and Strategy
MMC 650	The Co-operative Management Approach II: Leadership, Personnel, and Management Style
MMC 670	Thesis: Co-operative Management Audit

Appendix Two

Co-operative Management Education Co-operative Membership April 2016

<p>Co-operative and Credit Union Members</p> <p>Co-op Atlantic Credit Union Central of Prince Edward Island Northumberland Co-operative Dairy Fredericton Direct Charge The Co-operators The Co-operative Group, UK Scotsburn Co-operative Dairy Sydney Credit Union Credit Union Central of Canada Oxford Swindon & Gloucester Co-op, UK Credit Union Central of New Brunswick Credit Union Central of Ontario Newfoundland Labrador Federation of Co-ops West Midlands Co-operative Society, UK FirstOntario Credit Union HEPCOE Credit Union Co-operative Housing Federation of Canada Gay Lea Foods Ontario Natural Food Co-operative CUMIS Credit Union Central of British Columbia Scotian Gold Co-operative Canadian Co-operative Association United Farmers of Alberta Scottish Agricultural Organization Society, UK Envision Financial Credit Union, BC Arctic Co-operatives Ltd., Manitoba Credit Union Central of Alberta Federation of Alberta Gas Co-operatives National Co-operative Bank, USA</p>	<p>Wedge Community Co-operative, USA Nova Scotia Co-operative Council Brattleboro Food Cooperative, USA Hanover Cooperative, USA Canadian Worker Co-operative Federation York Credit Union, NB, Canada ACA Poultry Co-operative, Canada GROWMARK – Canada/USA VanCity Credit Union Credit Union National Association – USA Arctic Co-operatives - Canada</p> <p>Educational Institution Members</p> <p>Saint Mary’s University Co-operative College – UK Center for the Study of Co-operatives - - National University of Ireland, Cork Co-operative Life New Zealand Association of Co-operatives Co-op Federation of New South Wales National Co-op Business Assoc. - USA Co-operatives UK</p> <hr/> <p>Individual Members</p> <p>Marshall Winkler, Hawaii, USA Sir Graham Melmoth, UK Dr. Leslie Brown, Nova Scotia, Canada David Blackburn, Michigan, USA Peter Podovnikoff, BC, Canada Geoff Southwood, Alberta, Canada</p>
---	---

References

- (1924) *Co-operation* (Monthly publication of the Co-operative League of the USA) Vol. X January/December
- (1945) *Manager's Manual for Co-operative Stores* (Boston: Edward A. Filene Good Will Fund Inc.)
- Abram, Phillip C. et al. (1995) *Classroom Connections: Understanding and Using Cooperative Learning* (Toronto: Harcourt Brace)
www.Co-operativeLearning.htm.
- Davis, Peter and John Donaldson (1998) *Co-operative Management: A Philosophy for Business* (Cheltenham, U.K.: New Harmony Press)
- Freire, Paulo (1970) *Pedagogy of the Oppressed*, trans, Myra Bergman Ramos (New York: The Seabury Press), pp. 57-66.
- Gair, Reavley (1994) "The Fifty-Minute Lecture," *Teaching Voices: University of New Brunswick Bulletin on University Teaching*, 19 (October), p. 1.
- Glasgow, Neal A. (1997) *New Curriculum for New Times: A Guide to Student-Centred, Problem-Based Learning* (Thousand Oaks, California:)
- Griffith, David (2003) "Why do co-operatives fail as co-operatives?" (www.australia.coop/why_fail) accessed December 3, 2003
- Kolb, David A. (1984) *Experiential Learning: Experience as the Source of Learning and Development* (Englewood Cliffs, N.J.: Prentice-Hall), pp. 40, 200.
- Parnell, Edgar (2000) "Reinventing Co-operation – The Challenge of the 21st Century. A report to the International Co-operative Alliance."
- Peterson, Michael (1996) "A Team-based Approach to Problem-based Learning: An Evaluation of Structured Team Problem Solving," *Journal on Excellence in College Teaching*, Vol. 7No.3 (1996), pp. 129 -53.