Self-employment in a worker co-operative: Finding a balance between individual and community needs

Puusa, Anu

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Self-employment in a worker co-operative: Finding a balance between individual and community needs

Puusa, Anu & Hokkila, Kirsi
Business School, University of Eastern Finland, Joensuu, Finland
Corresponding author: anu.puusa@uef.fi

Abstract

This research explores self-employment in a worker co-operative context. The empirical case study was conducted using qualitative methods, with a focus on interpreting the motivations for choosing a co-operative as a business form for self-employment. We examine the relationship between co-operative practice and theory with regards to its established principles and dual nature in a framework of entrepreneurship literature. This article answers the following question: How are the characteristics of a co-operative business form interpreted and do they reflect the traditional, well-established core ideas of co-operatives? Based on the analysis, we identified 6 motivational factors that describe a co-operative as a business form in the context of self-employment. Three of these reflect the universal autonomy needs identified in self-employment literature: empowerment, self-management and freedom. We propose that the other three, security, diversity and communality, are unique features of co-operatives that stem from the established co-operative principles. In addition to the basic autonomy needs of self-employment, we conclude that co-operative structure offers various additional benefits for the self-employed. The latter features make a co-operative community a distinctive and unique forum for self-employment and serve as the essential drivers for choosing this particular business form. However, we found that, once combined with the autonomy features, they might result in problems finding a balance between individual and community needs. We therefore claim that, although co-operatives have an ability to lower the barrier to entrepreneurship, the needs of self-employed people are not unquestionably compatible with the features or needs of a co-operative company. Based on our research, we suggest that individuality and communality are the rival forces that form the most inherent contradiction in worker co-operative operations. Therefore, we propose that the striving for balance between individual needs and those of the community reflects a ‘new dual role’ of co-operatives.

Keywords: Co-operative, Worker co-operative, Self-employment, Dual nature, Co-operative principles

1. Introduction

Self-employment is the simplest kind of entrepreneurship (Blanchflower 2000). According to the Oxford Dictionary, self-employed means “working for oneself as a freelance or the owner of a business rather than for an employer.” The concepts of self-employment and entrepreneurship are interrelated. However, self-employment is usually used to describe entrepreneurs with no employees, i.e. sole proprietorship. In this study we explore self-employment in a worker co-operative context.

Blanchflower (2004) suggests that the majority of the workforce in Western industrialised countries has a latent desire to be self-employed. The need for independence and autonomy in addition to an ability to
influence organisational events are characteristics that have traditionally been related to entrepreneurial personality traits (Mescon & Montanari 1981; Van Gelderen & Jansen 2006; Benz & Frey 2008). Although, only a small proportion of current workforce would prefer running their own business to act out their preferences. As financial capital constraints have long been extensively discussed in entrepreneurship literature (e.g. Evans & Leighton 1989; Evans & Jovanovic 1989; Blanchflower & Oswald 1991), Blanchflower (2000) claims that “one possible impediment to entrepreneurship is lack of capital”. However, liquidity constraints seem to be one of the main factors that correlate positively with co-operative self-employment. There is no clear consensus as to whether unemployment rates affect overall (including all business types) self-employment rates (Blanchflower 2000), but it has been demonstrated that the rates of co-operative formation tend to increase with unemployment rates (Kalmi 2013). As a result, modern self-employment might be a reflection of increasing individualistic values, but it also can be a consequence of economic recession, where there is a lack of other job prospects (Biehl, Gurley-Calvez & Hill 2014; Svaleryd 2015). When there is less wealth and other resources available, co-operative companies seem to be a more attractive option for entrepreneurship by offering the possibility for an equal joining of resources, as opposed to other forms of enterprise (Pérotin 2006; Díaz-Foncea & Marcuello 2015).

Statistics show that, in Finland, there is a growing trend in the establishment of new worker co-operatives, particularly in trades that do not have established positions in existing industries. These include media, art and culture related expertise. Despite the growing trend in practice, there is still little academic research on the topic. A co-operative organisation is described as being a value and human (rather than financial) based, socially responsible form of business (Davis 2001). Somerville (2007) argues that the unique values and institutional form, together with distinctive ownership and democracy principles, are the differentiating features of co-operatives. In addition, solidarity and other ethical principles are characteristic values of co-operatives. According to Inkinen (1997) solidarity, particularly with regard to the ownership philosophy, distinguishes co-operatives from other forms of economic organisations. Another distinctive feature, creating the basis for co-operatives’ unique identity in comparison to other forms of enterprise, is their dual nature. This refers to their mission to be a simultaneously profitable and effective business as well as a caring and responsible member-owned community (see e.g. Puusa, Mönkkönen & Varis 2013).

Due to this inherently distinctive nature of co-operatives, we wanted to explore the extent to which this unique quality has relevance in the process of choosing it as an option for self-employment. We are interested in researching whether the co-operative features matter or if becoming co-operative entrepreneur is just one option among others. Thus, in this study, we consider the relationship between the co-operative practice and theory in a worker co-operative context with regard to its established principles and dual nature. This paper focuses on interpreting the motivations for choosing a co-operative as a business form for self-employment by answering the question: How are the characteristics of the co-operative business form interpreted and do they reflect the traditional, well-established core ideas of co-operatives?

2. Antecedents for self-employment

Economics literature has traditionally focused on explaining the transition to self-employment as a maximisation process, in which the individual compares the income returns from alternative activities and selects the employment opportunity with the highest expected return (Kihlström & Laffont 1979). Douglas and Shepherd’s (2000) utility-maximising career choice model suggests that people choose to become self-
employed if the total expected utility of self-employment is greater than the expected utility from their best employment option. The expected utility can be measured in terms of income, independence, risk bearing, work effort, and other prerequisites associated with self-employment. Douglas and Shepherd (2002) also state that the lower the risk aversion but greater the need for decision-making autonomy (i.e. independence), the greater the potential to be self-employed.

It is a well-known fact that employees’ satisfaction increases when they are given greater autonomy and independence. Consequently, the self-employed are widely reported to be more satisfied with their jobs than employees in salaried positions (Blanchflower 2000; Benz & Frey 2004; Hundley 2001), because there is often greater independence for the self-employed than for employees (Katz 1994). A wide range of literature shows that the most significant identified motivator for self-employment is the desire “to be one’s own boss”. Lange (2012), among others, concludes that, indeed, the preference for autonomy and independence seem to be the most significant factors for job satisfaction, even when a variety of personality traits and values are also taken into account. The self-employed are also reported to be more satisfied with their jobs due to greater flexibility, skill utilisation and, to some extent, higher (perceived) job security (Hundley 2001).

Kolvereid and Isaksen (2006) argue that some people think entrepreneurship is solely about wealth creation, not about the creation of a job for the founder. The literature, however, is very controversial in terms of self-employed persons’ preference for higher income as opposed to the earnings they could make in salaried positions. Studies demonstrate that the income development of self-employed people is actually slower and more uncertain than that of employees (Hamilton 2000). Rees and Shah (1986) have elaborated that the variance of income for the self-employed is over three times that of employees. Douglas and Shepherd (2002) have also questioned its importance for the self-employed.

As there is no consensus on the preference for wealth, many authors have argued that the motivation to become self-employed is partly explained by the need for achievement and success (McClelland 1965; Meyer, Walker & Litwin 1961; Krueger, Reilly & Carsrud 2000). Another related entrepreneurial personality trait that has been claimed to have relevance in self-employment decisions is locus of control. It refers to the extent to which individuals believe they can control events affecting them. A strong internal locus of control is a belief that events in one’s life are primarily derived from their own actions and add to the entrepreneurial potential, as opposed to a strong external locus of control, which refers to tendency to praise or blame external factors for the course of events (Carlson, Buskist, Heth & Schmaltz 2007).

In prior studies, risk aversion has also been suggested as being an essential factor in the decision-making process for becoming self-employed. It is a well-established fact that the probability of becoming self-employed increases with a higher tolerance for risk (Kihlström & Lafont 1979; Kolvereid & Isaksen 2006; Parker 1996; Stewart & Roth 2001). Arenius and Minniti (2005) take into account the subjective (rather than objective) fear of failure, which they claim to be a significant factor in the evaluation process of a new venture risk. They propose that a reduced perception of the likelihood of failure has a positive effect on the individual’s decision to start a new business.

Douglas and Shepherd (2002) state that people differ in their attitudes and tolerance towards work effort. Work effort refers to the amount of physical and mental effort while working, e.g. working hours and working intensity. It is often said that entrepreneurs must work long hours (Hyttinen & Ruuskanen 2007) and sacrifice their personal life for their venture. Entrepreneurship certainly has its pitfalls. Blanchflower (2004) states
that, despite being happy with their lives on the whole, self-employed persons are less satisfied with the hours they work and report more feelings of stress, exhaustion, strain and pressure than employees. Self-employed persons with employees (entrepreneurs also providing work for other people) in particular expressed even less satisfaction with these aspects.

Consequently, before becoming self-employed a person must consider if they are willing to put in the effort and possess required skills. Willingness and ability are closely related, as the willingness to perform a behaviour controls the degree to which a person believes that they can perform the behavior (Verheul, Thurik, Grilo & van der Zwan 2012). Self-efficacy is belief in one’s ability to muster and implement the necessary resources, skills, and competencies to achieve a given task. Variations in the degree of self-efficacy have been proven to affect the decision-making process: the higher the confidence in one’s skills, the greater the potential to choose self-employment (Bandura 1997; Baron 2000; Koellinger, Minniti & Schade 2004). The expectancy theory of motivation suggests that an individual’s belief in their ability to be an entrepreneur and achieve a positive outcome (income and other rewards) affects their decision as to whether they will undertake the task at all (Vroom 1964).

3. Worker co-operative – an option for self-employment

In relative terms, Finland is the most co-operative country in the world when measured in co-operative sales revenues relative to GDP and the number of co-ops relative to population (Osuustoiminnan neuvottelukunta 2005). Finland has a long tradition of consumer, agriculture and infrastructure co-operatives, but worker co-operatives did not become common until the mid-1990s. Finland suffered an economic recession and mass unemployment during the early 1990s, after which worker co-operatives rapidly became a common approach to new job creation. Finnish co-operatives more than doubled in number (from 61 to 153) during the period 1995-1997, as opposed to other companies, which saw a decline during the same period (Päätinniemi & Solhagen 1999; Kalmi 2013). In 2015, the national co-operative register of the Pellervo Society1 was comprised of 885 worker, service and professional co-operatives. One reason for their growing number, both following the recession and today, is that, according to Finnish legislation, a person is not considered an entrepreneur if they own less than 15% of an enterprise and is entitled to unemployment benefits.

A workers’ co-operative is an enterprise mostly or completely owned by its employees, where control is democratically distributed, membership is not restricted and the benefits obtained with invested capital are predetermined (Päätinniemi & Immonen 2002). Ben-Ner and Jones (1995, 537) suggest that worker co-operatives are the “purest” form of employee-owned companies, as the employees have both the control and the majority rights to return. Members are in control of managing their own work, but also responsible for controlling and managing the mutual operations of the community according to the “one member, one vote”-principle (Päätinniemi & Tainio 2000). Indeed, Kalmi (2013) describes worker co-operatives as the fullest expression of democracy in business, because their members are simultaneously subject to and in control of the co-operative’s authority.

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1 Pellervo, a member of the International Co-operative Alliance, ICA, is a service organisation for Finnish co-operatives and a forum for co-operative activities aiming at making the co-operative business model more known to the public. Pellervo strives to influence the legislative work and the economic and financial policies in Finland and Europe to accommodate the co-operative business model as well as to promote the co-operative model as a competitive alternative for those thinking about starting a business.
The International Co-operative Association (ICA) defines a co-operative as: “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 1995) In many cases it is a group of people who have combined their resources to improve their financial and social well-being in the long term. All co-operatives function under established principles which are based on co-operative values of self-help, self-responsibility, democracy, equality, equity, and solidarity. Furthermore, “in the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.” (ICA 1995) In co-operative literature, a co-op is described as having a social nature, as it is a people-centered form of a company with a collective mind driven by a “co-operative spirit” based on esprit de corps – a mindset promoting the principles of self-help, self-dependence and self-government. Ideally, co-operatives form a coherent social group where the interaction is characterised with trust and membership is based on both rational and emotional motives (Henzler 1957; Spear 2000).

While co-operative values are more abstract, co-operative principles are concrete boundaries of conduct and standards for operations. They are guidelines for how to put values into practice (MacPherson 2012). There are two categories of co-operative principles; business principles and society principles. Business principles express how interaction between the members and the co-operative should be organised, whilst society principles guide the relationships between the members (Nilsson 1996). Of the ICA (1995) principles, the principle of autonomy and independence, the principle of co-operation among co-operatives and the principle of concern for community can be regarded as business principles, as, by acting according to them, the members are able to protect themselves from exposure to possible market failures. The society principles of voluntary and open membership, democratic member control, equal economic member participation and the principle of education, training and information increase the mutual confidence in the community by bringing the members closer to each other (Nilsson 1996).

Thus, co-operatives are not primarily financial institutions in the traditional sense, but have both economic and sociological goals that refer to the dual nature of co-operatives (Puusa et al. 2013). In practice, whilst a co-operative aims at making a profit, it is also a community managed and owned by its members, whose operations are first and foremost based on the members’ needs and their well-being. As a result, co-operatives place a strong emphasis on humanistic aspects, such as the social and psychological conditions of those who are affected by its operations (Laurinkari 2004; Mazzarol, Limnios & Reboud 2011; Puusa et al. 2013). In a worker co-operative setting, the dual nature entails a primary social aim, which is to organise work opportunities for its members with the members’ mutual effort (Pättinniemi & Tainio 2000). It also has an economic responsibility to ensure financial stability in order to secure the continuity of its members’ work.

4. Methodological choices

This is a qualitative multiple case study (Yin 2003), consisting of three cases. Two of the studied co-operatives are established multiprofessional workers’ co-operatives, and one is a relatively new co-operative, which employs media, art and education professionals. Data was collected in 13 open individual, pair and group interviews held with a total of 16 interviewees. The primary aim was to find out why they selected a co-operative as their form of business. The interview themes included the characteristic features of co-operative operations, good practices, problems and management and decision-making in a co-operative as well as the
personal meaning of the co-operative membership. A qualitative content analysis was used to analyse the rich transcribed interview data.

5. Empirical findings

Based on the analysis, we identified 6 core motivational factors that describe a co-operative as a business form in the context of self-employment. According to our interpretation, three of these reflect the universal autonomy needs identified in self-employment literature: empowerment, self-management and freedom. We propose that the other three are unique features of a co-operative form of business which stem from the established co-operative principles: security, diversity and communality. These latter features make a co-operative community a distinctive and unique forum for self-employment. In many respects they are the appealing features, the essential drivers of co-operative self-employment. However, we also found that once combined with the autonomy features, they can also act as barriers to successful self-employment. Below, we will describe each feature in more detail.

5.1 Autonomy features

5.1.1 Empowerment

According to the data collected, the interviewees became co-operative members based on a highly rational motive: to employ themselves. In addition to this rational economic-related justification, we also identified an emotional one: self-employment enhances people's self-esteem by providing a feeling of being a valuable individual and useful member of society, who is in control of their own life. The process of establishing and developing a co-operative was often referred with a sense of pride in having been able to create something from scratch and developing it into a functioning business. At best, it allows a person to do meaningful work on one's own terms, making one feel good and self-competent in a responsible manner. Responsibility was associated with a clear distinction between operating in the black economy or being a registered entrepreneur paying appropriate taxes. We conclude that rational and emotional empowerment resonates with the entrepreneurs’ need for achievement and internal locus of control (see e.g Carlson et al. 2007).

5.1.2 Self-management

Interviewees strongly emphasised self-responsibility. It was collectively interpreted that a co-operative entrepreneur is the master of their own destiny, despite the possible assistance and support from others. The specified cornerstones of co-operative work emphasised self-sufficiency, personal initiative and individual activeness. The members did not receive job offers through the co-operative. Instead, they themselves are responsible for seeking work, in keeping the customers and getting new orders. Quality was also emphasised: there is no outsider to monitor the performance but each carries the responsibility him/herself. Interviewees recognised this to be highly different from salaried positions. They stated that a co-operative entrepreneur must be independent, active, competent, customer-oriented and able to manage themselves, in other words they must be an entrepreneurial type. As Benz and Frey (2008) have noted, the ability to decide how daily work is organised and the “procedural” aspects of work are important for a self-employed and thus in the centre of locus of control.

5.1.3 Freedom
A co-operative seems to be a form of business that provides highly flexible opportunities, which, according to the literature, is regarded as the most significant driver for self-employment. The culmination of this theme seemed to be the ability to employ oneself in a way that meets the individual’s needs, hopes and values. The members did not necessarily want regular full-time work, as money was not their key motivation and also because, in a worker-co-operative setting, project and freelance work is possible due to unemployment benefits. Becoming wealthy was not regarded as important, which was also suggested in the literature. Instead, the interviewees valued a flexible way of working and the opportunity to do project-oriented work, thus leaving room for other aspects of life. A balance between free-time and work was of the utmost importance. In this sense, co-operative self-employment is distinctive from the self-employment reported in the literature (see Hyytinen & Ruuskanen 2007), as the interviewees did not mention long hours or a heavy workload. Therefore, co-operative self-employment does not seem to require a particularly high tolerance for work effort. Instead a co-operative self-employment seemed to offer certain kind of freedom that enhances a sense of self-fulfillment and overall life-satisfaction. The interviewees stated that being able to arrange one’s work in a manner that suits one’s schedule and other areas of life, independently and on one’s own terms, was one of the key reasons why they became self-employed and were planning on continuing working in a co-operative. However, this is not to be conflated with laziness. Indeed, many stated that meaningfulness is not the opposite of effectiveness.

5.2 Co-operative features

5.2.1 Security
We identified three viewpoints from the data, regarding the characteristics of co-operative security: financial, rational and social. The financial viewpoint is linked to the fact that a co-operative can be established without major capital or investments. The main motivation to establish a co-operative was that it offers a fairly safe way to become self-employed, due to the shared financial risks between the members and entitlement to unemployment benefits, which significantly reduces the financial risk. The rational viewpoint refers to an entrepreneur’s possibility to focus on their own strengths in a co-operative while other members can provide assistance in other tasks, for example administrative issues. As Karjalainen (1996) points out, this allows a member to actively affect their own job content in a co-operative. The social viewpoint was linked to the communal nature of a co-operative, which at its best can provide strong mental and professional support. It can therefore be stated that rational and social security contribute to the feeling of self-efficacy. Based on these, we can surmise that security is the most important motivation in selecting a co-operative form of business, as the majority of people are not at ease with taking the entrepreneurial risk alone.

5.2.2 Diversity
According to the data, it seems that there are no limits to the structure of a co-operative, which leaves a great deal of room for diversity. Pérotin (2014) states that worker co-operatives are multisectoral and provide members with jobs in which employees' potential and creativity can excel. We agree with this by concluding that diversity is a strength which combines a variety of skills, knowledge and experience. Enabled by the principle of open and voluntary membership, co-operative entrepreneurs may differ a great deal from one another. The co-operatives in the case study employed a wide range of people with different life situations, interests and expectations. In addition to this, the members' personal job opportunities seem to be very wide-ranging in terms of the work itself as well as the contexts in which the work took place. There was also diversity in members’ expectations regarding effort, time and an adequate level of compensation for them. We conclude that diversity and variety are the core characteristics of new co-operatives, as the interviewees
seem to, in many ways, consider them as a kind of a starting point for a co-operative business. The reported “permissive” atmosphere honours diversity and leaves room for everyone to arrange their own employment in a diverse and unique way.

5.2.3 Communality
According to the data, the surrounding community and co-operation between members was a very significant motivational factor for joining or establishing a co-operative, especially for younger entrepreneurs. Co-operative communality provides both mental and practical support for members, which touches on the themes of security and diversity. Members can provide each other with advice and tangible help by sharing the workload and responsibility, or by recommending each other to potential clients, assisting each other in getting more work. The opportunity to work together provides learning opportunities, wide-ranging experiences and professional support, for example, by enabling joint projects between members with different qualifications. Some also described how others had helped and encouraged them to try out new things, thus eventually increasing both their competence and self-confidence.

The communality theme also included other psychological motivations, such as the feeling of being an equal part of a group and mental support from others. The interviewees described how it is important to have peers that can personally identify with one’s situation and share the feelings of being an entrepreneur. Moreover, team spirit and the feeling of solidarity generated from mutual responsibility for the jointly owned enterprises’ success was deemed important. The group validates emotions and offers the members a feeling of empowerment, as they reported being motivated and encouraged by other members or through the example set by others. Communality might turn out to be an abstract sense of team spirit between the members, which manifests itself as a higher degree of solidarity and culture of trust. In this case, it can appear as a ‘one for all and all for one’ type of attitude. Indeed, a co-operative appears as an emotionally embedded entrepreneurship model in which behavior of entrepreneurs moderate the co-operation of the actors and its outcomes (Biniari 2012).

5.3 Co-operative features vs. self-employment needs

According to our findings, co-operative features of safety, diversity and communality make the co-operative a distinctive and, in many ways, viable alternative to self-employment. As said above, ideally, these features result in a variety of benefits that lower the barrier of entrepreneurship. However, we also identified some problematic consequences of member behaviour when these co-operative features are combined with basic self-employment needs.

Freedom, i.e. the flexibility of the co-operative structure, seems to be a clear and unique benefit of a new co-operative at the individual level. However, when it was examined at the community level and linked to member diversity, it can potentially bring about negative consequences. The variety of members’ personalities, hopes and expectations also result in highly diverse motives and ways of participating in the co-operative activity. Consequently, these diverse expectations and the idea of voluntariness can easily make people indifferent or passive.

The principle of democratic member control, however, requires active member participation in the decision-making and administration of a jointly owned co-operative (Spear 2004). It is based on the principle of one vote per one member, which was the approach used in the co-operatives studied. However, in practice, the
members were reported to be very passive in exercising this right. For example, the data revealed difficulties in organising management, as the members are reluctant to take part in joint affairs and activities. Participation and influence did not seem to be matters of personal importance for the members. Instead, voluntary liability seems to be relevant in this context, provided that it benefits the member personally.

The level of involvement seemed to be meaningful in terms of conducting mutual errands and responsibilities, but also general atmosphere, feelings of equality, fairness and justice, as well as in terms of the fair use of resources. The interviewees stated that, although they welcome diversity, disparity becomes a problem. Variety in social groups that possess different resources creates better possibilities for cooperation and the creation of social capital (Ring, Peredo & Chrisman 2010), but, according to our findings, it is also a problem if the starting points and expectations are highly varied. As worker co-operatives are communities of special-interest groups, their functions are expected to be based on particular, but consistent, member needs (Mori 2014). In line with this presumption, many authors (Hansmann 1996; Cechin, Bijman, Pascucci et al. 2013; Ruben & Heras 2012; Romero & Pérez 2003) before us have noticed that employee ownership is more effective when the owner group is homogenous. Our study elaborates on this by stating that conflicts caused by people’s varying interests and subsequent precarious levels of activity and commitment might break out in a co-operative, occurring more easily due to the lack of hierarchical structures and positions of power. The passive member behavior stated in the data seems to be a consequence of the pronounced implementation of individual needs and aspirations.

Another conflict between ideal and practice was the state of co-operation between the members. Ideologically, the interviewees valued the presence of the group. However in practice, it could be interpreted that co-operation was an infrequently used benefit of the business structure. Instead, it was treated as a desired possibility for gaining individual benefits, i.e. getting work and income with the help of others. It was not considered their social aim, as the traditional concept of dual nature suggests. The interviewees did not refer to the idea of mutual act in the sense of togetherness, communality or a sense of providing work opportunities for the whole community. Instead of the traditional idea of collective action, work in the case co-operatives seemed to be an individual act, involving getting it, performing it and benefiting from it. It aims at individual financial well-being rather than that of the whole group.

6. Conclusions

According to our findings, co-operative self-employment fulfills the needs of self-employed people. It provides autonomy, freedom and flexibility in practicing one’s own profession. In addition to the basic autonomy needs of self-employment, we conclude that co-operative self-employment offers various additional benefits. We claim that, at least in a Finnish context, a co-operative provides its members with even greater freedom to work compared to other types of self-employment. Due to the extensive rights to unemployment benefits, it is possible for a co-operative member to occasionally refrain from work and concentrate on other areas of life.

Universal benefits of co-operative setting include being able to enjoy feelings of empowerment and benefits that are inherent in the co-operative structure. A co-operative offers a distinctively safe and low-risk business setting. A co-operative’s mutual ownership structure protects members from extensive personal financial risks and investments, as opposed to many other types of businesses. The financial risk is shared and financial
accountability is tied to the amount of shared involvement, thus reducing the individual objective and perceived risks. A supportive community, practical co-operation and solidarity between members seem to be essential aspects of co-operative self-employment. The communality between diverse members was reported to enrich a self-employed person’s own personal job description by providing opportunities to learn new skills and increase one’s professional competence. It offers unique mental and professional support that empowers members, by increasing their self-confidence and allowing them to focus on their core areas of expertise in the practicing of their own profession, thus diminishing the possible effect of low self-efficacy.

We can therefore make the argument that a co-operative form of business is a potential alternative to many. Due to its characteristics, such as safety, it can be an attractive alternative to individuals who are faced with financial constraints, are somewhat risk-averse or have low self-efficacy. Due to its autonomy and co-operative features of empowerment, self-management, freedom, security, diversity and communality, we conclude that it could be a viable option for individuals with low tolerance for work effort, for example, in cases involving physical or mental disabilities. Furthermore, individuals working in professions, projects or sectors that require combining various kinds of expertise are likely to find a co-operative a suitable type of entrepreneurship. It can also be an appealing means of self-employment for individuals who possess highly collective and social personal values, as the co-operative structure allows for a genuinely collective way to work and intimate co-operation between the members.

However, the data shows that co-operative members tend to cut back their individual risk and responsibility to a bare minimum, which is enabled by the co-operative structure. When actually functioning in a co-operative setting, people may no longer place emphasis on the idea of communality; instead, they base their decisions on individual benefits. According to the traditional idea of a common social objective, the worker co-operative community strives to satisfy the employment needs of all its members through mutual efforts. However, as our data suggests, these collective efforts were rare. For an individual, the community has more relevance as a practical way to realise individual job opportunities than create new job opportunities in co-operation.

From a business standpoint, members were only loosely linked to each other and lacked any interest -the very core of the business role- in developing the co-operative as a collective business enterprise. The main concern seemed to be maintaining an economic activity level that would be enough to provide the necessary services for individual employment functions, such as billing and other administrative services. According to the traditional idea of members bearing mutual responsibility for the continuity of the economic activity of their company, the co-operative members would be interested in securing not only their own, but also their peer members’ employment opportunities for the future. In the cases used in this paper, members hardly gave any consideration to the communal aspects of the business enterprise. Therefore, our main concern is that a person planning to enter self-employment and choosing to establish or join a co-operative for some of the benefits reviewed in this paper, might be disappointed if the individualistic aspects of human behaviour take precedence over the collective needs of the surrounding community. They might end up functioning as a sole proprietor within a business structure that is co-operative only by its legal status.

We therefore claim that the needs of self-employed people are not unquestionably compatible with the features or needs of a co-operative company particularly if individual needs are overemphasised. Individual desires and aspirations of freedom, autonomy and self-management do not contribute to the collective needs of a co-operative community. The co-operative community requires the active and equal participation
of all members, out of sense of mutual responsibility and obligation, not solely because members “feel like doing it” for some individual incentive. And from a self-employed standpoint, it seems that, without genuine communality, a co-operative is not able to realise its full potential to benefit the members. Agirre, Reinares and Agirre (2014) also argue that it is crucial for a co-operative to find balance between individualism and collectivism by protecting the equal realisation of organisational coordination mechanisms and aspects of individual freedom, autonomy and responsibility.

There seems to be an ongoing debate concerning the purpose of co-operatives and, in particular, on the realisation of co-operative values and principles in practice: Co-ops have been accused of losing their distinctive identity and not finding a balance between their inherent dual roles (Cornforth, Thomas, Lewis & Spear 1988; Spear 2000; Puusa et al. 2013). According to this study, it seems that in the context studied, the traditional idea of dual nature, simultaneous social and financial goals are not the ones that guide or define a co-operative’s operations. Instead, it seems that a balance between two goals is being sought: the goals of an individual member and those of the co-operative community. We therefore propose that individuality and communality are the two rival forces that form the most inherent contradiction in worker co-operative operations. Therefore, based on our research, it is our thesis that the striving for balance between the individual and the co-operative, the individual needs/expectations and communality, reflects the ‘new dual role’ of co-operatives.

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