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Co-operative Principles and Values: Does the Talk Match the Walk?

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Co-operatives are defined around a set of principles and values. If these are misunderstood, ignored or dismissed, the co-operative risks departing from its purpose and resembles or demutualises into an investor-owned firm. Adherence to co-operative principles and values can strengthen active members' participation or diminish this if they are ignored. In some jurisdictions, a co-operative's failure to adhere to these principles may place the entity at odds with co-operative law. Members and executive managers from four large Australian co-operatives were asked about their understanding of and adherence to co-operative principles and values. While the executive managers were aware of the seven co-operative principles, only one understood the six values. Members' awareness of principles and values was much less. Only five of the seven principles appeared to be actively followed and alternative values were used when identifying organisational values. The implications of these findings are discussed.

Introduction

Defining a co-operative and differentiating it from an investor-owned-firm (IOF) is challenging due to the complex nature of co-operative structures and strategic purposes. For example, some focus predominately on social objectives, while others are more concerned with economic goals (Novkovic, 2008). Generally, the definition of co-operatives and their differentiation from IOFs has focused around seven co-operative principles, six values and the democratic nature of its governance. As the identity statement defining co-operatives reflects:

A co-operative is 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 cited in Prakash, 2003, p. 4).

As reflected in this definition, co-operatives are identified by *autonomy* (independence from governments and private corporations) and as an *association of voluntary people* (individuals or incorporated entities) who are free to choose if they wish to become members. In addition, members join and support co-operatives to achieve economic, social, and cultural objectives, while owning and governing the co-operative through a one-member-one-vote democratic governance structure. Co-operatives' values are encapsulated in the following statement:

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others (ICA, 1995 cited in Prakash, 2003, p. 5).

As mentioned, co-operatives have a dual purpose, serving both economic and social objectives that are equally important, but which can create conflicts of interest (Levi & Davis, 2008). When profit becomes the sole focus, the co-operative risks demutualisation (Battilani & Schröter, 2012) even if it has a successful business history (Mamouni Limnios & Mazzarol, 2014); a pattern often found in the lifecycle of many co-operatives (Cook, 1995). Although successful co-operatives use their principles and values to identify and promote their co-operative advantage (Novkovic & Power, 2005), research suggests the presence of co-operative principles and adherence to values is weak (Novkovic, 2006). Globally, co-operatives are governed by state/provincial or national laws, most of which contain a definition of what a co-operative is that is in keeping with the co-operative principles and values (Cracogna et al., 2013). These fundamental elements identify co-operatives' characteristics and form the foundations of what these enterprises are in a legal sense. As such, the principles and values form a legal and ideological basis suggesting how they should be managed (Henrÿ, 2013). Co-operative principles and values are therefore a foundation for a co-operative's identity for

members, managers, government regulators, and the wider economy (Mazzarol, 2015). Indeed, economic interests alone cannot create a shared identity (Mendell, 1994). Thus, if co-operatives move away from their principles and values, their legitimacy as a co-operative entity can be questioned (Côté, 2000).

How members comprehend and apply co-operative values and principles has a significant bearing on the success of their co-operatives (Oczkowski et al., 2013). Our qualitative study therefore focused on understanding members' and executive managers' awareness and understanding of these principles and values. Participants were small business owners (e.g., farmers, fishermen, and automotive service providers) who make up a significant proportion of co-operative membership at a global level and play important roles in economic development (Kotey & Meredith, 1997). First, we examine the literature relevant to our research, after which we describe our methodology and analysis. We then present findings before providing a discussion and some conclusions and implications. Future research opportunities are considered.

Literature Review

As stated above, co-operatives are autonomous associations of people voluntarily united to meet common economic, cultural, and social goals, controlled equally by their members (Cicognani et al., 2012). Co-operatives promote values that are ethical, allowing active voice democracy and a sense of ownership by members (Spear, 2000). The mutual ownership and governance inherent in co-operative business models are significant differentiators from IOFs (Michie & Rowley, 2014).

The co-operative principles

The International Co-operative Alliance (ICA), the representative body for co-operatives, has maintained and promulgated co-operative principles and values. Established in 1895, the ICA is the global authority on how these principles and values should be defined and understood. The first formal declaration on the co-operative principles was made by the ICA in 1937, which was followed by revisions in 1966 and 1995 (Prakash, 2003). Such revisions when undertaken have reflected the economic, social, and political context of the day (see ICA, 2018 for the statement on co-operative identity, values and principles).

Birchall (2011) suggested the first four principles (voluntary and open membership; democratic member control; member economic participation; and autonomy and independence) have the most credence, while the last three (education, training and information; co-operation among co-operatives; and concern for community) are aspirational. However, Battilani and Schröter (2012) suggest that principles of co-operation among co-operatives and concern for the community were included in the twentieth century to create a stronger point of differentiation for co-operatives. Prior research also provides some guidance on these principles and values. For example, Mazzarol (2009) suggests co-operatives have five key principles: i) membership is voluntary; ii) governance is democratic; iii) ownership is solely by members; iv) co-operatives can be formed by individuals or organisations; and v) co-operatives exist for the benefit of their members. Of the ICA's seven principles those highlighted by Mazzarol (2009) place an emphasis on membership and democracy.

Researchers suggest that principles should focus on user-owners, user-controllers and user-benefits (Birchall, 2005; Dunn et al., 2002; Zeuli & Cropp, 2004). Oczkowski et al. (2013) examined members who were office-bearers and consultants (i.e., not solely members) to determine their understanding of co-operative principles. They found that although understanding, adoption, and perceived importance of these principles varied, the commitment of directors in implementing co-operative principles and values was particularly important. Wilson and MacLean (2012) found these principles were often not followed in a coherent manner, confirming Birchall's (2005) earlier findings that suggested there were differences in adherence to values and principles across industries. Other research suggested that principles

are used to provide guideposts to achieve human value and social objectives (Oczkowski et al., 2013) further supporting suggestions that, while the co-operative principles and values are not often strictly followed, they are applied contextually in various ways. Interestingly, Majee and Hoyt (2009) found that, when co-operative principles and values were practised, members became more actively engaged.

Novkovic (2004) highlighted the importance of aligning co-operative principles and values with organisational strategy. She suggested using Collins' (1999) *catalytic mechanisms* process to achieve this. At the foundation of the process was what Collins (1999) referred to as "Big Hairy Audacious Goals" (BHAGs), which have a long-term horizon, are clear, easy to comprehend, and connect to the organisation's purpose and values. The *catalytic mechanisms* used to achieve BHAGs have five characteristics. First, they seek to achieve outcomes in innovative and, often, unpredictable ways. Second, they distribute power away from traditional centres of control for the benefit of the system. Third, they focus on specific outcomes designed to create maximum value and benefit. Fourth, they empower the right people. Fifth, they produce an enduring, ongoing effect (Collins, 1999). According to Novkovic (2004), co-operative principles and values offer a ready-made framework around which managers can apply *catalytic mechanisms* that align their purpose and related economic, social and cultural "BHAGs" to engage and enhance active participation and loyalty from members.

Co-operative values

Co-operatives have a noticeable ideology through their values (see, ICA, 2018 for detail on co-operative values — self-help, self-responsibility, democracy, equality, equity, and solidarity). Co-operative values help align members with their co-operative and members with each other, in a process of values congruence (i.e., the degree to which an individual's own values match those of the organisation) (Vveinhardt, 2017). Thus, organisational values and their alignment with individual values is important in understanding members' relationships with their co-operatives. When there is an alignment between individual and organisational values, the relationships between stakeholders are strengthened (Branson, 2008; Karhu, 2015).

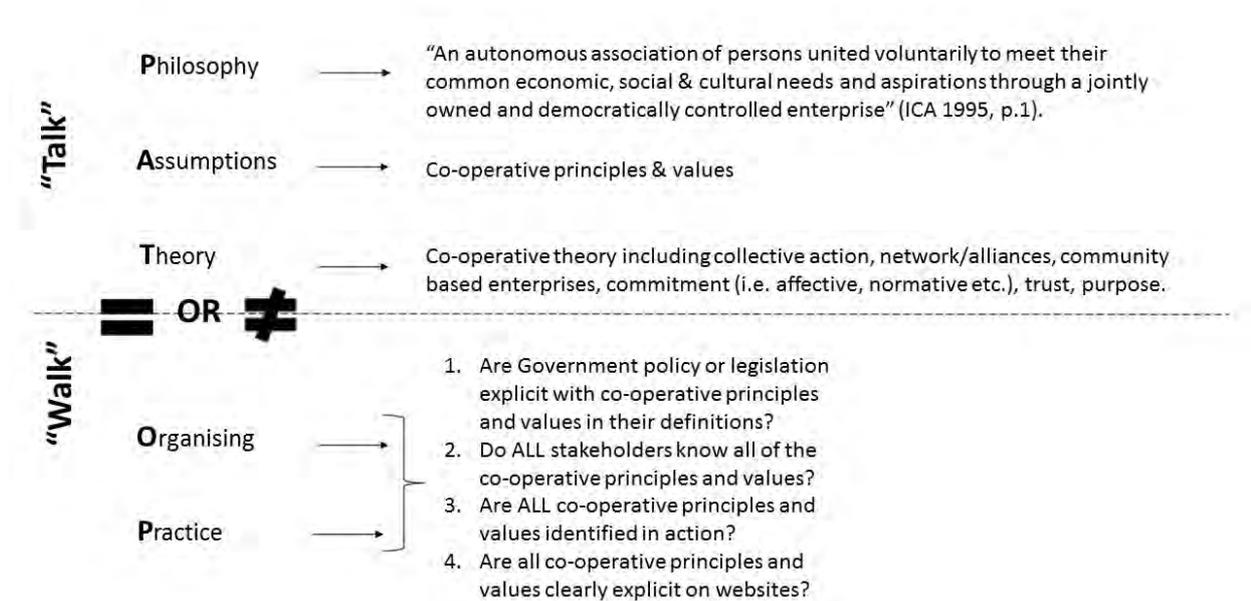
Organisations that work deliberately to understand and align values between stakeholders (Henderson & Thompson, 2003) demonstrate a purpose beyond a profit motive and can create favourable foundations for creation of social capital (Putnam et al., 1994). People are attracted to work for, or with, organisations whose dominant values they share (Maxham & Netemeyer, 2003). Posner and Schmidt (1993) examined shared values from both organisational and personal perspectives and found a positive relationship between organisation performance and values congruence. Conversely, research also suggests some incongruence between co-operative members and management. Anderson and Henehan (2003) found some members were dissatisfied with their co-operatives, seeing them as impersonal, having abandoned their original purpose or having only operational business principles, rather than co-operative principles. Novkovic (2006) found members felt co-operatives' most important values (in ranked order) were democracy, equality, self-responsibility, equity, self-help, and solidarity. However, there needs to be a mechanism that coalesces the values shared by the co-operative and its members and the value the co-operative creates for its members (Brown, 1997). This balance can be challenged over time as members' orientations shift due to changes in background characteristics (e.g., age), industry, or community needs. Consequently, co-operatives need to continuously monitor if this alignment is achieved (Nelson et al., 2016).

We examined congruence from a member and executive manager perspective in relation to their understanding and acceptance of co-operative principles and values. Such alignment is the foundation for long-term organisational success (Branson, 2008), especially as it can have positive or negative impacts on priorities, decisions, strategies, behaviour, and planning (Hultman, 2005). Alignment provides consistency between what is advocated and what occurs (i.e., the talk matches the walk) (Hultman, 2005). Thus, exploring how co-operative members and managers understand and apply the co-operative principles and values could offer useful insights into their underlying culture (Dutton & Dukerich, 1991).

A conceptual framework

The study was guided by Napoli et al.'s (2015) PATOP (Philosophy, Assumptions, Theory, Organising, Practices) model, which provides a basis for determining whether what is being said within an organisation is being done (see Figure 1).

Figure 1: The Study's Conceptual Model



The framework is a "mirror test" (Drucker, 2005, p. 4) to determine underlying values. Philosophy, Assumptions and Theory are the "talk", while Organising and Practices are the "walk". Here, we used the model to explore the "walk": what co-operative principles and values were being implemented. The model asks four questions that require simple yes or no answers.

Methodology

A multiple case study design was used. This design has a number of steps, i.e., defining the research question(s); selecting the cases; developing the case study protocols and discussion guide; collecting the data; analysing the data; shaping hypotheses; enfolding the literature; and reaching closure (Eisenhardt, 1989, p. 533). The research questions guiding the study were:

- Q. 1. How well do co-operative members and executive managers understand the seven co-operative principles and six co-operative values?
- Q. 2. What use is made of these principles and values to align members' active engagement with the co-operatives' purpose and strategic objectives.

Four large Australian co-operatives were chosen; all successful, well-established co-operatives with SME owner members (See Table 1, below). These organisations represent producer-owned, supply-side entities in grains, meat and fishing, as well as a buyer-owned, demand-side entity within the automotive services retail sector. As Australia does not have a Federal statute for co-operatives, all States and Territories have aligned their legislation to conform to the Australian Co-operatives National Law 2012 (CNL), which formally lists the seven co-operative principles. From a legal perspective, adherence to these principles is recognised as essential to the operation of co-operatives in Australia. Three of the co-operatives are registered in Western Australia under the Co-operatives Act 2009, which states:

In the interpretation of a provision of this Act, a construction that would promote co-operative principles is to be preferred to a construction that would not promote co-operative principles (Division 3, Section 7).

Table 1: Selected Co-operatives

Co-operative	Background	Number of Interviewees
Co-operative Bulk Handling Group Ltd (CBH)	One of Australia's largest agricultural co-operatives with over 4,200 members and reported revenues of over \$3.4 billion in the 2018 financial year. CBH is a non-distributing co-operative (i.e. does not issue dividends to members).	6 x members 2 x executives 1 x manager
Geraldton Fishermen's Co-operative (GFC)	GFC has approximately 200 members with reported revenue of \$303 million in the 2018 financial year. GFC derives its revenues within the fishing industry.	6 x members 2 x executives 1 x manager
Capricorn Society Limited (CSL)	CSL has approximately 17,000 members with revenues of over \$111 million reported in the 2018 financial year. CSL derives its revenues within the motor vehicle industry.	6 x members 2 x executives 1 x manager
West Australian Meat Marketing Co-operative (WAMMCO)	WAMMCO has approximately 1,000 members with consolidated revenues of over \$296 million reported for the 2018 financial year. WAMMCO derives its revenues from within the livestock/meat industry.	2 x executives 1 x manager No members were interviewed, as access to members was not provided

Capricorn Society Ltd (CSL) is registered under the Federal Corporations Act (2001) as a company limited by shares. However, it operates as a co-operative through its constitution, which stipulates a one-member-one-vote democratic governance, although it does not contain any specific reference to co-operative principles or values. Despite this, the company's website contains a clear statement that:

We are a member-based organisation proudly operating by co-operative principles to primarily support businesses in the automotive industry. Our approach allows our Members to better manage their businesses by saving time and money. (Capricorn, 2021).

Sampling and data collection

The data collection process followed Yin's (2013) guidelines allowing investigators to study real life contexts through in-depth data collection from multiple sources of information until no new insights emerge (i.e., saturation). 18 members and 12 executives (including a senior manager from each co-operative) were interviewed, at which point saturation was reached. The data were aggregated into executives and members to examine their respective views. Members had an average of 25 years in business and 19 years as members of their co-operatives. Executives had an average of 18 years working in co-operatives and 6 years in their current positions.

The first phase of the data collection was a review of secondary information about the co-operatives available through website content, press articles, published histories, annual reports, and available presentations. An initial pilot was conducted with CSL to test the case study approach leading to minor changes to the interview guiding questions. Interviewees were provided with copies of the co-operative principles and values when they could not identify them, as this allowed the conversation to flow freely.

The semi-structured interviews lasted between 45 to 80 minutes and were audio-recorded and then transcribed, along with additional notes taken during interviews. Two executives and eight members were interviewed by telephone due to geographical restrictions. Semi-structured interviews provide real time and retrospective accounts and perspectives of people experienced in the phenomenon being investigated (Gioia et al., 2013). The approach recognises people in organisations as "knowledgeable agents" who "can explain their thoughts, intentions and actions" (Gioia et al., 2013, p. 17). This led to engaging research for the informants, who were surprisingly open in sharing their thoughts.

Data analysis

NVivo and Leximancer software was used to provide a broad and balanced approach to data analysis (Sotiriadou et al., 2014). NVivo is a labour-intensive process requiring researchers to be highly engaged with the data and analysis process. However, this can lead to research bias (Sotiriadou et al., 2014). Consequently, NVivo was initially used following Saldaña's (2015) approach where first and second round coding methods were undertaken to develop themes. Due to the large quantity of text gathered from the interviews, an initial content analysis of the primary data was undertaken, which allowed for some initial inferences (Weber, 1990). This analysis was conducted initially case by case, which ensured context and accuracy in both the NVivo and Leximancer analyses. Once satisfied with the initial NVivo exploration, the data for the executives (including managers) and members were analysed separately in Leximancer to examine differences between the two groups.

Leximancer enables researchers to explore data efficiently through automatically generated concepts and themes emerging from the text (Coffey & Atkinson, 1996). Concepts are groups of related words found in the texts that begin as seed words and evolve into a thesaurus. Themes are collections of related concepts (Institute for Social Science Research, 2013). Leximancer uses word frequencies and co-occurrences to identify main concepts, display links between concepts (Liesch et al., 2011) and interrelations within themes to develop relevant models that can be displayed graphically to aid interpretation (Smith & Humphreys, 2006).

Findings

This section outlines findings obtained from NVivo and Leximancer data analyses. It examines executive/manager and member perspectives in relation to co-operative principles and values.

Co-operative Principles

Only one member, who had previously served on the board, could recall co-operative principles and values. Conversations around principles were only possible when these were shown to participants, who then made comments such as "oh yes, I recall seeing these". While managers knew the co-operative principles, they needed to be reminded about the values. Only one executive knew both the principles and values without needing a prompt. Table 2 provides some results from the interviews that reflect the views of executives and members about co-operative principles.

Co-operative Values

As already noted, only one executive knew of the co-operative values, and no members knew of them without being shown a copy. Elements of solidarity, self-help and self-responsibility were seen as values that would assist the co-operative, as individual member businesses would ensure their self-regulation. Members felt integrity, honesty, loyalty, and trust should not be compromised, as "one bad egg" would ruin it for the others. Cechin et al. (2013) discussed how members do not like being controlled, supporting members' responses about the need for self-responsibility and self-help, rather than being "policed" by the co-operative. This was particularly important within CBH, GFC and WAMMCO, where product quality and volume are crucial.

Trust from both the executive and member perspectives was seen as critical to success. All members trusted their co-operative and knew they could "pick up the phone and speak to the CEO if they needed too". All members felt employees within the co-operative did what they said they would. As Hultman (2005, p. 41) noted, "values aren't defined by what we say, but what we do".

Table 2: Co-operative principles, views of executives and members

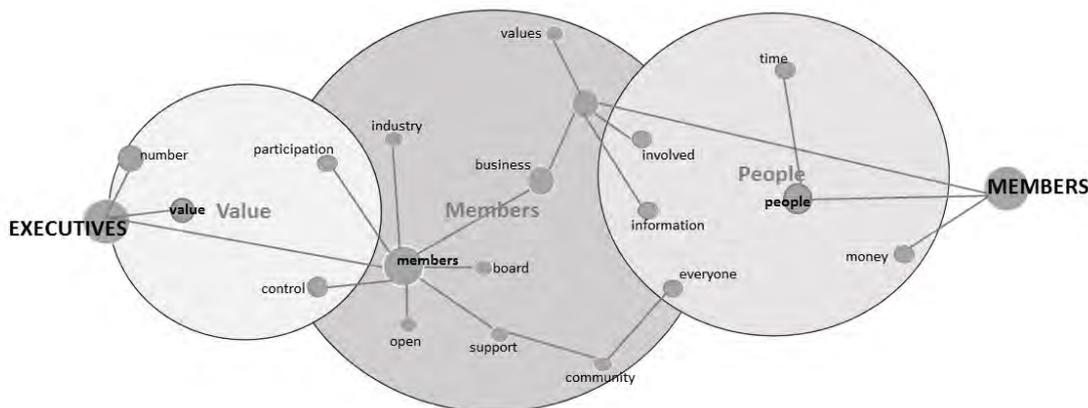
Principle	Executives	Members
Voluntary and open membership	<p>All considered themselves to be espousing this principle.</p> <p>Executives needed the “numbers” to provide economies of scale to strengthen the overall position of the co-operative.</p>	<p>Despite the majority agreeing with this principle, some were concerned that different sized businesses making up the membership created some inequality.</p>
Democratic member control	<p>While executives noted members did vote, they had mixed feelings about members attending AGMs. On one hand, executives wanted more members to attend; on the other hand, they felt it was a good sign if members did not attend, as it showed members were satisfied with performance.</p>	<p>All members knew they had the power to vote on important business matters, such as an offer by an IOF rendering potential de-mutualisation. In this instance, members felt they had the power to protect the co-operative.</p> <p>Members did not have much input into general business matters and operations, apart from representation by elected members to the Board.</p> <p>All members reported the ability to contact CEOs over major concerns, demonstrating their power to voice concerns and generally agreed this principle was being followed.</p>
Member economic participation	<p>Executives relied on the patronage of members to drive financial performance. The value proposition was created to achieve economic participation.</p>	<p>Members did not focus on this principle. They viewed the co-operative’s value proposition and the returns they were receiving from their economic participation as positive for their businesses.</p>
Autonomy and independence	<p>All agreed they were an independent and autonomous organisation.</p>	<p>Most regarded the co-operative as a business in its own right, thereby rendering it independent; thus agreeing with the principle being espoused.</p>
Education, training, and information	<p>Executives became familiar with the principles through courses and the need to understand the co-operative business model to differentiate from IOFs where most had started their careers.</p>	<p>Members elected to the Board had a better understanding of the principles compared to those who did not hold Board positions. Members mostly viewed this principle from a technical standpoint and as training and information about the industry rather than the co-operative principles and values per se.</p>
Co-operation amongst co-operatives	<p>Executives discussed their involvement with, for example, the Business Council of Co-operatives and Mutuals and were proud to be members of the International Co-operative Alliance.</p>	<p>Members did not know of any co-operation amongst co-operatives.</p>
Concern for community	<p>Some executives were mindful about community contributions that did not provide actual benefit to their members.</p>	<p>Overall, members seemed proud of the co-operatives’ contributions to the communities to which they belonged, either for economic reasons (e.g., employment and the supply chain) or through supporting local causes and building infrastructure. Members believed they also contributed through their own businesses.</p>

The Leximancer results

The Leximancer concept map shown in Figure 2 show the results from the analysis of executive and member views. The map displays the concept seeds that emerged from the analysis and their relative relationship and proximity to each other. The large “bubbles” contain themes.

The “members” theme is the most important, followed by “people” and “value”. Also shown are the relative positions of the two groups (executives and members). The members theme was central to the co-operative, confirming that the purpose of the co-operative was established by and for members. Figure 2 suggests the executives were closer to the value theme, while members were closer to the people theme.

Figure 2: Leximancer Themes



Members theme

Concepts contributing to the member theme included open, community, and values, suggesting the principles of open and voluntary membership and concern for community were being followed. With respect to the community concept seed, most executives framed their concern for community as providing economic benefits through employment, infrastructure, and support for the industry. Members felt they contributed more to the community through their own businesses, as this had more impact. The values concept seed, which emerged in this theme, focused on trust, honesty, loyalty, and integrity as descriptors of the relationship between members and their co-operatives. Executives talked about organisational rather than co-operative values, while members wanted truth and honesty from the co-operative and other members.

Value theme

Concepts contributing to the value theme include participation and control. The value theme was generally economic in focus as it was concerned with what the co-operative provided to members. The executives agreed participation was fundamental to co-operative success, as it provided the balance between co-operative ideology, principles and values, and economic value. All executives felt they had to ensure the co-operative delivered value to members to ensure their objectives were achieved, while members saw trust in performance as crucial.

The executives saw the control concept as the co-operative principle of democratic member control and were under no illusion that members owned the co-operative and had the right to voice their rights. All of the co-operatives were proud that members were elected to the board, as can be seen in the direct path in Figure 2 between the member concept and theme to the control concept seed. Further, the board concept seed was linked to the control concept seed through the member concept and theme.

People theme

Concepts contributing to the people theme included people, involved, information, and everyone. The people concept seed refers to the collective group of people that made up the co-operative. Executives and members talked about like-minded individuals working towards the same goals. The everyone concept seed merged into the people theme from the pathway from the members theme/concept seed → support → community → everyone.

With respect to the information concept seed, members were split about the principle of education, training and information. As mentioned above, most viewed this as technical information that was relevant to their industry as well as business knowledge. There was limited formal training on the co-operative business model and how it operates, let alone co-operative principles and values, although CBH members were sent booklets about co-operative principles and values when there was an attempt at de-mutualisation. This demonstrated a concerted effort to educate members about the benefits of remaining a co-operative and on democratic member control rather than leaving the decision to management.

Some members commented on tours held by their co-operatives. For example, GFC took members overseas to see their operations first-hand. Members regarded this as valuable. Although beneficial, the tours were designed more to demonstrate investments. CSL has yearly overseas conferences, not paid by the co-operative, as a way to build social cohesion and these events built satisfaction and trust. However, there was no firm education emphasis on co-operative principles and values. The involved concept seed merged into the people theme and related to the need for members to be involved in the co-operative. Executives considered this a form of contributing towards the democracy principle so members would be involved, especially during AGMs. Table 3 summarises the Leximancer analysis and suggests how it linked the co-operative principles. Some comments from executives and members are provided to support the analysis.

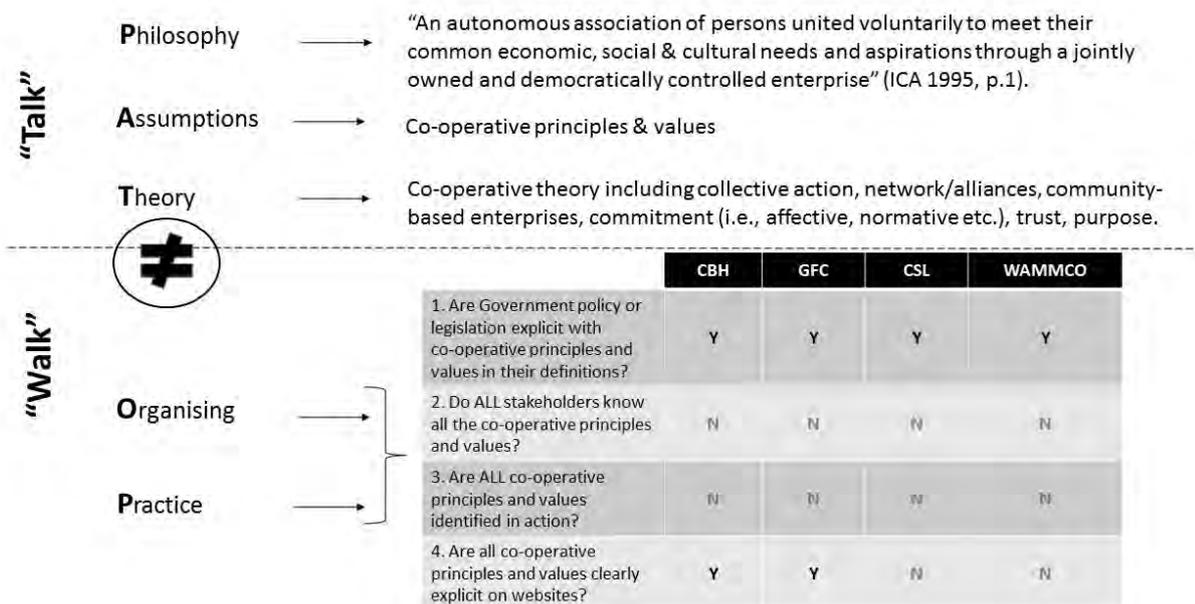
Table 3: Leximancer themes supporting co-operative principles

Leximancer Theme (concept seeds)	Relationship to Co-operative Principle	Comments
Member (open, support, community, involved, everyone)	Voluntary and open membership	“Voluntary and open membership is very important because if you close it, then you’re not really a co-operative. You’re a business, a closed business. We need everybody in the business.” — Executive
	Concern for community	“When I started, we were funding every netball team on the coast. That’s not real community involvement so what we’ve looked at is, “What is our community and how do we support it?” We just looked at it slightly differently so the thing we do is to support the industry community more so than the local football team.” — Executive
		“You could look at that two ways, it’s abdicating some community responsibility, or we give more money to members and they can decide whether to be philanthropic or not. It’s not just donations of course.” — Member
Value (control)	Democratic member control	“You’re not controlled by one person, or by someone’s agenda. It’s very democratic control by peers.” — Executive
		“I don’t think that’s probably widely known enough that the members can change the whole ruling if they want to, they have got control.” — Executive
		“I think it’s very important, it gives that confidence that growers have got control of their business.” — Member
People (information)	Education, training, and information	“I think the co-operative ethos about giving as much information back to the client or to the members is very important. I think the members that utilise that as well as they can.” — Executive
		“They quite often have events and or provide you with information about events with certain people that can help you with business coaching.” — Member

The findings provided insights into what is driving the “walk” and highlighted incongruencies between the “walk” and “talk”. Although not all co-operative principles and values were

identified, our findings suggest some principles were being followed. The purpose of the conceptual model was to see whether co-operative principles and values were in action, even if they were not formally recognised. These results provided the foundations to complete the conceptual framework, see Figure 3.

Figure 3: Conceptual Framework and Findings



Discussion

The results demonstrated that the “talk” did not match the “walk”. Once prompted, however, five of the seven co-operative principles were understood and, to some degree, identified in action. These were member economic participation, voluntary and open membership, democratic member control, concern for community, and autonomy and independence. The principles with which members did not resonate were education, training and information, and co-operation between co-operatives. Interestingly, Birchall (2011) and Mazzarol (2009) did not place emphasis on these two principles, although Birchall did regard education, training and information for members and co-operation between co-operatives as aspirational goals.

Co-operative principles

Voluntary and open membership: The co-operative is designed to assist industry participants through collective action, as demonstrated through the open concept seed within the member theme in the Leximancer analysis shown in Figure 2. Goel (2013) suggested this principle meant co-operatives should be non-discriminatory in terms of gender, social, race, religion or political dispositions. The co-operatives supported this principle, although some members wondered about fairness regarding the contributions of earlier and more recent members.

Democratic member control: Members were aware of their voice, but only exercised it strongly when they felt the co-operative was not producing results. In doing this, collective ownership (Rantanen & Jussila, 2011) was promoted, as members felt the business was theirs. The power given to members is similar to a catalytic mechanism through which power is distributed from the centre down (Novkovic, 2004).

Member economic participation: Nelson et al. (2016) suggest membership begins with patronage and the anticipation of returns. The co-operatives in this research recognised the importance of providing tangible value to their SME members through factors such as the cost of patronage, shares, rebates, and dividends.

Autonomy and independence: Executives and members referred to this principle in the context of members being able to operate their businesses without control from the co-operative. Oczkowski et al. (2013) found market concentration affected the ability of co-operatives to be independent of other organisations. However, the co-operatives in this study were not reliant on other stakeholders and, so, had the ability to operate autonomously.

Concern for the community: Oczkowski et al. (2013) observed co-operatives were intertwined with their communities. This was not a difficult principle for executives or members to comprehend and implement. Some members provided examples and were generally happy with how their businesses were involved with the community.

Education, training, and information: Although information was important to members, this formed part of the value provided by the co-operative through technical and industry relevant information. This principle, however, is designed to ingrain co-operative principles and values into the membership. This is important as adhering to these principles and values is the main driver that differentiates co-operatives from IOFs (Oczkowski et al., 2013).

Barros and Gomes Santos (2003) found a strong relationship between co-operative education and co-operative efficiency, while Dunn et al. (2002) highlighted the importance of Boards understanding and applying co-operative principles. Cechin et al. (2013) believed sharing knowledge and attending co-operative training courses strengthened social cohesion, explaining why members accepted short-term economic sacrifice in the pursuit of long-term success. Co-operatives need to keep their members passionate and enthused if they are to be successful and education can help them do this (Novkovic, 2004).

Co-operation among co-operatives: Goel (2013) refers to relevance of this principle for family businesses that recognise learning opportunities are created when working within networks. If members were aware of this principle, co-operatives may be better known within the broader communities, resulting in more co-operatives being established.

Co-operative values

As noted earlier, members were not aware of co-operative values and executives were not motivated by them. This validates Bickle and Wilkins' (2000) study, which found only 10% of managers saw democracy, equality, equity, and solidarity as important co-operative values.

Our findings suggest some executives and members were concerned about the applicability of co-operative values of equality and equity. Co-operatives deliver social efficiency through values designed to reduce inequalities among stakeholders (Sacchetti & Tortia, 2016). Values can help determine if organisational fit occurs (Borg et al., 2011) between members and their co-operatives and is the most common method used to see if congruency exists (Sekiguchi, 2004). Additionally, members agreed on self-help and self-responsibility. They saw democracy in process and believed in solidarity. Democracy, according to Österberg and Nilsson (2009), relates positively to collective action, especially where voice mechanisms provide ownership perceptions that lead to greater commitment (Fenwick, 2005).

Trust

Successful co-operatives are developed by enhancing trust in personal relationships (Pesämaa et al., 2013). Indeed, Sabatini et al., (2014) suggested trust can reduce transaction costs and uncertainty. Trust can be regarded as a catalytic mechanism that ensures the individuals (or SMEs) associated with a co-operative share its core values (Novkovic, 2004). The challenge is to determine which co-operative values are associated with trust. It seems likely self-help, self-responsibility, equity, and solidarity could be such values, but further research is needed to assess this.

Conclusions

This study suggests executives believed members were not overly concerned about co-operative principles and values because they operated within a set of values relevant to their own businesses. Interestingly, only one participant was aware of co-operative values.

The principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence resonated with members and could be seen in action. The principle of education, training and information needs to be delivered in innovative ways if it is to engage and motivate co-operatives and members. Members placed value on the people or the human side of the co-operative because of the trust that had been generated through performance of their co-operatives. Executives focused on delivering tangible economic value, rather than values per se. Both agreed on the most common value word (trust) and its role in allowing a co-operative to operate and produce value to members.

Having a culture and business operation contextualised around co-operative principles and values, should ensure co-operative principles and values are anchored in the co-operative business model. They have potential to become catalytic mechanisms that are specific and help meet long-term goals (Novkovic, 2004). If co-operative principles and values are operationalised, some short-term economic losses can be tolerated during the pursuit of long-term economic performance that benefits all members (i.e., the focus should be on a sustainable future rather than short-term profit motives). If this occurs, all stakeholders can benefit by the pursuit of co-operative principles and values and co-operatives will operate in ways that clearly distinguish them from IOFs.

Implications for management and government policy

Table 4 provides a summary of how co-operative principles and values might be operationalised by management. When members are involved as owners, they can maintain and influence the co-operative values and meanings (Talonen et al., 2016). The owner role, identified by Mamouni Limnios et al. (2018), can be stimulated to ensure strategic planning is strengthened by co-operative principles and values. They can also be deferred when disputes arise or where de-mutualisation threats appear.

Government policy and legislation can be designed to reflect the importance of making co-operative principles and values explicit as powerful differentiators to IOFs. As a result, incentives, such as tax breaks or accelerated capital expenditure deductibility for co-operatives, could be regulated by legislation, providing a competitive advantage for this business model.

For managers and government regulators, it is important that co-operative principles and values are clearly understood and formally enshrined in co-operatives' constitutions. As noted earlier, the seven co-operative principles are part of Australia's CNL, and there are similar moves in other countries (Cracogna et al., 2013). The seven principles are an important framework upon which co-operative identity is based. Consequently, they play a central role in how co-operatives are legally defined and how they are differentiated from IOFs (Cracogna, 2002).

Directors and executive managers need to understand co-operative principles and proactively communicate them to members. In doing so, we would recommend they place the principles in their constitutions as objectives that flow from their organisation's purpose. The seven principles can be reworded to reflect the goals of a specific co-operative. This can be achieved without loss of fidelity to their original intent. It is something we have achieved in discussions with co-operatives seeking to strengthen their identity and member commitment and engagement.

Table 4: Managerial implications related to co-operative principles and values

Managerial Implication	Principle	Value
Attracting more like-minded SMEs to the co-operative to strengthen collective economic interests and their position in the industry.	Voluntary and open membership	Self-help
Equal treatment regardless of the status/lifecycle of the SME member which can create a more homogeneous group of members.	Democratic member control	Equality, equity
Engaging SME members in developing the member value proposition to ensure it remains competitive. Delivery of economic returns to members through services and products based on member patronage.	Member economic participation	Self-responsibility
Co-operatives and members can determine how, as a collective, they will benefit wider stakeholders within their co-operative and communities.	Co-operation among co-operatives Concern for community	Solidarity
Innovative methods to engage and motivate staff and members on the principles and values related to business strategy, decisions, and purpose of the co-operative.	Education, training & information	All values
Facilitating enhanced governance of the co-operative and control over the co-operative's destiny.	Autonomy and independence	Democracy

Future research

Future research should include more case studies of co-operatives and SMEs across different sectors and locations. There may be opportunities to identify members having two or more co-operative memberships to see if the principles and values are being applied in the same manner within each co-operative. Research on co-operative legislation across the globe could be undertaken to see whether co-operative models are more evident when co-operative principles and values are explicit in relevant Co-operative Acts. Research could also be undertaken to identify the different roles members have in their co-operatives to see how each role might be stimulated by the implementation of the principles and values as catalytic mechanisms, ensuring the walk matches the talk.

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