Long Live Cooperation

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An Ongoing Challenge: Managing Equity

In a previous column, we stressed how important it is to ensure that the decisions made by the Board of directors or senior management in their respective fields are found to be acceptable. We pointed out that the only right decisions are those that are accepted by the members, that is to say, well understood by everyone. Therefore, decisions must be well explained through internal communication channels established by the cooperative.

A well-accepted decision is a decision that protects the interests of each category of members

However, for a decision to be well accepted, it does not suffice to simply explain it. A decision is only good and will only be accepted by members as such, if it either directly satisfies a personal interest of theirs, or does not harm it. When it comes to managing a cooperative, in particular a worker cooperative, one must avoid giving in to "cooperative evangelism." For the majority of your members, the primary reason they are part of a cooperative is not because they believe in cooperation, but rather because they must feed their family or because it is in their best interest to be a working member.

Therefore, it is only natural that they establish their own individual criteria to evaluate the decisions made by the board or top management. These criteria are always related to the need to defend their interests, both in the short term and in the long term, and to protect the type of cooperative advantage they are looking for as a working member. This is completely normal, and it should be so.

In other words, it means that when the board or management is making a decision, they should, as much as possible, evaluate the impact it will have on the cooperative advantage of its members. And it's what they usually do.

This is where things become tricky and sometimes even difficult. As we've said before, the cooperative advantage of a member lies not only in their salary or their job security, but also in the non-monetary advantages they are offered (working conditions, quality of life at work, etc.).

It can be difficult to evaluate the impact a decision will have on cooperative advantages if one is not very familiar with the wishes of the cooperative's members. It can be especially difficult in a forestry cooperative, where members do not form a homogenous unit. There is not one single type of cooperative advantage sought by members, but rather, several.

For instance, the cooperative advantage sought out by an artisan member who owns a log loader and a multifunctional harvester will not necessarily be the same as what other workers are looking for, be it the members of a team of night and day machine operators, the foreman of a cutting crew or of a factory, the forestry technicians in the planning department, the brush cutters, the planters, the office staff, etc. The more numerous the categories of members, the more types of cooperative advantages, and all the more criteria used to evaluate different decisions.

Therefore, there is a high risk of making a decision that may favour one category of members slightly more over another. Therein lies the delicate responsibility of the Board and management in arbitrating, making rulings, and striking a balance in their decision-making to ensure that no one category of members feels that they got the shorter end of the stick. This is where effective management when it comes to equality between members is essential. However, evaluating a decision on its own is not enough: it must be considered in relation to all past decisions. One decision might, in the short term, favour one category of members with another decision restoring the balance shortly thereafter by favouring the other categories. Members should be aware of the delicate responsibility that lies with the board and management in arbitrating between the interests of all members. Mistakes and blunders can happen. But when they do, everyone must tell themselves that the board and management are trying to do the best they can.

“analysis upsets but comparison comforts”

Mira Dietz Chiasson 2020-5-1 6:26 PM

Comment [1]: The original subtitle was ***“Qui se regarde se désole, qui se compare se console”*** which is a french adage. I searched for a similar one in English but couldn't find one.

Thus, each individual member examines decisions through the lens of their position within the cooperative and the characteristics of their cooperative advantage, and then choses whether to accept or reject a decision. By spontaneously comparing their situation to others, both internal and external, members of the cooperative remain vigilant in the defence of their interests. Understandably, one would always like to benefit from a higher salary and better working conditions. In some ways, each person is disappointed that they don't have more, but the realization that everyone is in the same boat and that there are no better options nearby for the same type of work can be of comfort.

Internal comparison: There is a problem when one or all members from one category of workers within the cooperative believe that the members of a different category are benefiting from a better cooperative advantage. If this perspective is well founded, there is inequity within the cooperative. Since feelings of injustice are at the root of any demands, the seeds of a profound crisis can be sown within the cooperative if nothing is done to re-establish equality between members. All managers and administrators are generally conscious of, and very sensitive to the constant need to try to find a balance in the cooperative advantages offered to different categories of members. However, the risk of making a mistake is high and always present. Due to this, some cooperatives have established special practices that help ensure equal treatment and objectivity in certain decisions. For example, one cooperative might hold a draw at the beginning of the harvest season to assign areas to each team, thus avoiding having to arbitrarily decide which team receives the most profitable area and which team is left with the most challenging.

Another cooperative might categorize the different harvest or brush cutting areas, according to their difficulty and ensure that each team gets a turn at the best areas.

External comparison : when a member works in a sawmill and their cousin who works in a nearby mill of the same type and size, whether it be privately owned or owned by another forestry cooperative, and makes more money working the same job, there is an issue. When forestry workers are sharing the same camp as the workers from another company and that they are paid less for doing the same job, there is an issue. In both cases, it is likely that, at the end of the year, the members of the cooperative will have made the same amount of money or more than their colleagues, after dividends are paid. Unfortunately, the reality is such that we often tend to only consider the immediate, short-term situation. As says the old proverb: "better an egg today than a hen tomorrow."

The short-term perception risks being negative, and frustration can eat away at the relationships between members and management.

When it comes to developing salary policies, the board of directors, with the help of the management team, must take into account the practices that are used in their region and in similar businesses. The practice of “bench marking” (comparing prices with those of rivals), used in marketing, should be used to determine a baseline salary for forestry cooperatives. Of course, a cooperative must have the means to be able to do this. A newly established cooperative, or one that is struggling, will not be able to do this. However, a cooperative who knows that it is capable of generating a very large surplus should perhaps decide to generate a little less and instead offer their working members at least the equivalent of what is offered elsewhere (in comparing what is comparable, apples with apples!)

Managing a worker cooperative is more complex than managing a private business. However, when one has learned from these mistakes and succeeded in managing the cooperative as a cooperative rather than as a private business, a worker cooperative is unbeatable. No other company can rival it, because no other company can mobilize and motivate its employees in the same way, no other company can equal its potential as an intelligent company.

This being said, the responsibility for the success of a worker cooperative does not lie only in the hands of the members of the board of directors and the management. All members share this responsibility. Success is collective, and so is failure.
In this first column about managing equity, we started off by focusing on the responsibilities of the board of directors and management. In the next column, we will address the responsibilities of the members in the collective success or failure as well as the question of equity.