

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

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Introduction

- Self-employment is desired due to the modern need of independence and autonomy in working life, but capital constraints often hinder emergence of self-employment.
- However, liquidity constraints (unemployment rates) seem to correlate positively with co-operative self-employment.
- In a case of financial scarcity co-operatives offer a possibility for equal joining of resources.
- Emergence of *conscious capitalism* has increased interest toward co-operative form of business; unique social and responsible values and democratic ownership.

Antecedents for self-employment

- Utility-maximising career choice
- Autonomy and independence → job satisfaction
- Preference for higher income?
- Need for achievement and success
- Locus of control
- Risk aversion
- Tolerance towards work effort
- Self-efficacy

Worker co-operatives and the research context

- Finland has the highest concentration of co-operatives of any country.
- After a great economic recession and mass unemployment in early 1990s worker co-operatives were widely used for new job creation.
- In 2015, the Finnish co-operative register was comprised of 885 worker, service and professional co-operatives.
- A workers' co-operative is the fullest expression of democracy in business.
- Finnish legislation: with less than 15% ownership of an enterprise a person is not an entrepreneur and is entitled to unemployment benefits.

The dual nature of co-operatives

- Business role & Member community role
- The core mission and identity of co-operatives that distinguishes them from any other form of business.
- In a worker co-operative setting
 - Social mission is to organise work opportunities for its members with their mutual effort.
 - Financial mission is to ensure financial stability in order to secure the continuity of its members' work.

Objective of the study

- Target phenomenon is self-employment in a worker co-operative context.
- The aim is to understand the motivations for choosing a co-operative as a business form for self-employment.
- The research 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?*

Methodology

- A qualitative case study with three cases of multiprofessional worker co-operatives
- Data was collected in 13 thematic individual, pair and group interviews held with a total of 16 interviewees.
- Interview themes: the characteristic features of co-operative operations, good practices, problems, management and decision-making and the personal meaning of the membership.
- Qualitative content analysis was used to analyze the rich transcribed interview data.

Empirical findings

- Six motivational factors describing a co-operative in the explored context
- (Universal) Autonomy needs
 1. *Empowerment; rational (employment) and emotional (self-esteem) → need for achievement and internal locus of control*
 2. *Self-management; self-responsibility, initiative and activeness → locus of control*
 3. *Freedom; flexible opportunities and self-fulfillment → independence and autonomy*
- (Unique) Characteristics of a co-operative business form
 1. *Security; financial (risk), rational and social (support) → self-efficacy and low risk*
 2. *Diversity; varied job characteristics and opportunities, tolerance to diverse memberbase and expectations*
 3. *Communality; mental, practical and professional support → self-efficacy*

Conclusions

- Co-operative community is a distinctive and unique forum for self-employment with appealing characteristics meeting the needs of modern entrepreneurs.
- Co-operative entrepreneurship = Low barrier entrepreneurship
- However, combining the co-operative specific features/motivations with the autonomy features might result in problems finding a balance between individual and community needs.
- Freedom and diversity ↔ Active solidarity-based participation
- The needs of self-employed people are not unquestionably compatible with the features/needs of a co-operative community.

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- Employment needs of members are not met with mutual efforts.
 - For an individual the community is a tool for realizing individual job opportunities than creating them in co-operation.
 - Lack of mutual responsibility for the continuity of the economic activity.
- ⇒ Two rival forces of *individuality* and *communality* form the most inherent contradiction in worker co-operative operations.
- ⇒ We propose that the striving for balance between individual needs and those of the community reflects a '*new dual role*' of co-operatives.

Thank you!

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