

The Employees' Awareness of Co-operative Principles – Results of an Empirical Survey of Employees Working in Austrian Credit Co-operatives

Dietmar Roessl, Stefan Radakovics, Markus Thiemer and Katie Hyslop

Vienna University of Economics and Business, Research Institute for Co-operation and Co-operatives

1. Introduction and outline of the problem

Co-operatives are strongly based on values such as self-help, self-responsibility, democracy, equality, equity and solidarity (Sommerville 2007: 7; ICA n.d.: online). Additionally, the co-operative's members advocate ethical values including honesty, openness, social responsibility and caring for others (ICA n.d.: online). Co-operative pioneers like Raiffeisen, Schulze-Delitzsch as well as the pioneers of Rochdale formulated co-operative principles. Through these values and principles, co-operatives delineate themselves from governmental and other private sector organizations (Sommerville 2007) and this allows them to realize their special performance potential, e.g. to mobilize social capital.

Corporate culture within co-operatives is, in contrast to other types of companies, dualistic, as it addresses both membership and employee relationships (Duelfer 1987: 27). Employees of co-operatives therefore, have to first internalize the "co-operative cultural core" (Bonus 1994: 13ff) in order to be able to adequately implement it in practice (Blome-Drees/Schmale 2006: 55). If employees do not identify with the values and principles, this will have a negative impact on collective membership, and the identity of the company as a co-operative will threaten to diminish (Bonus 1994: 6).

Since employees represent the interface of an organization to the external world, co-operatives can only act according to their characteristic nature, if their employees are aware of the co-operative's values and principles and beyond this, actually identify themselves with the co-operative's ideology. Therefore, this study paper is focused on the perceptions of employees.

This paper addresses the following research question:

What do employees of co-operatives actually know about the underlying principles?

This question is of utmost importance for the identity of a co-operative: First, the organizations' identity is made visible through corporate communications and the visible actions of the co-operative and its employees, which is why employees are of particular importance as actors of the organization. That is to say, the actions of the employees transmit co-operative values to the members and the public. At the same time, the actions of the employees depend on the organizational culture, in which the co-operative values and principles are embedded (see Figure 1).

The paper is structured as follows. First, an overview of co-operative principles and their development is presented. The design of the quantitative study is outlined in the subsequent section. In the consecutive section the empirical results are analyzed and the knowledge of the co-operatives' employees about the co-operative principles will be shown. The paper closes with a discussion of the findings.

2. From co-operative values to the image of the co-operative

2.1. Co-operative values as a determinant of employee behavior

Dealing with the question of what values are typical of co-operatives and how these have been implemented, has always occupied the co-operative scientific discourse (Albrecht 1965; Engelhardt 1990; Wychera 1985; Wuelker 1995; Kaltenborn 2012; Muenkner 2013; Ringle 2012; Hill/Doluschitz 2014):

- First to be named, are the historical values of the founding pioneers of Rochdale (Patera 1992), or the co-operative founders, such as Friedrich Wilhelm Raiffeisen (Maendle 1992) and Hermann Schultze-Delitzsch (Duelfer 1992).
- Interest groups and co-operative associations, such as the ICA (n.d.: online), also proclaim co-operative values.
- And finally, this discourse is conducted at a scientific level as well. Thus, Hill/Doluschitz (2014) attempt to identify the co-operative value canon on the basis of the frequency of their inclusion in scientific publications.

Co-operatives explicitly and/or implicitly stipulate values within their statutes respectively in their “mission statements” and effectuate them in their specific organizational regulations (e.g. delegation systems, one-member-one-vote) and communicate co-operative values through their visible actions. This publicly visible acting of co-operatives – interfered by medial discussion and the diffuse influences from the values outlined above – ultimately determines the co-operative image, respectively the co-operative “value set” perceived by the public. In this context, the question to what extent co-operative values are enshrined in the organizational culture of the co-operative is of particular relevance.

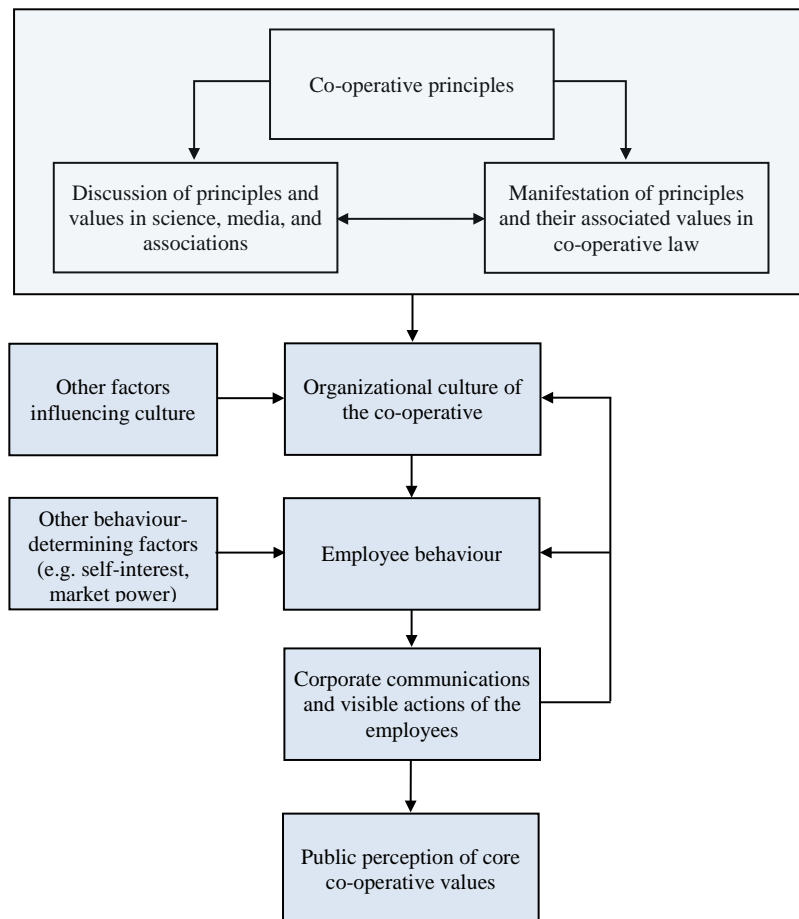


Fig. 1: Employees’ behavior and the mediation of the co-operative value set (adapted from Roessl 2015: 263)

If there is a culture that is embedded in co-operative principles and values, then due to the action-guiding force of the organizational culture, the actions of the employees will also reflect these co-operative values. The decisions and actions of management and employees will then further transmit these co-operative values. Through this process, the co-operative “value set” is conveyed to members and the general public. The result is a “co-operative image”.

Conversely, if co-operative values do not find their way into the organizational culture, then naturally the decisions and the actions of management and employees will not reflect co-operative values. As a result of the publicly perceivable actions of co-operatives an image emerges, which is not influenced by co-operative values. And so, for example, it is not surprising that the actions and decisions of new management and new employees are not influenced by co-operative values, if these people do not already come from co-operative organizations and therefore co-operative values have not (yet) been internalized. This was particularly evident when credit co-operatives went through a strong expansion phase.

Whether or not co-operative values and principles cause action-guiding effects and are transported to the public through the actions of employees, is therefore largely dependent on the extent to which employees have internalized the values of the co-operative.

2.2. The co-operative “value set”

2.2.1. Hermann Schulze-Delitzsch

From the basic idea of collaborative self-help (Engelhardt 1990: 19), the following co-operative principles were derived according to Schulze-Delitzsch (Hofinger 1992: 568f):

- mandate to promote members
- principle of identity (co-operative members are customers or suppliers of the co-operative as well)
- principle of self-help - independence from subsidies – co-operatives as part of the private sector (Wychea 1985: 226)
- principle of self-government – democratic decision-making
- principle of self-responsibility – co-operative joint liability

2.2.2. Friedrich Wilhelm Raiffeisen

The co-operative principles propagated by Friedrich Wilhelm Raiffeisen build on the Christian conception of man (Engelhardt 1990: 21).

- charity or principle of self-help
- principle of self-responsibility – unlimited, solidarity liability of members (Maendle 1992: 538)
- principle of self-government – democratic election of administrative bodies
- principle of voluntariness – voluntary use of the co-operative organization (Maendle 1992: 539)
- principle of regionality – decentralization
- principle of the universal co-operative – collaboration of specialized co-operatives
- principle of co-operative associations (associations to take over coordination functions and to provide consulting and training services) (Wuelker 1995: online)

2.2.3. The Rochdale pioneers

The co-operative principles of the Rochdale Pioneers build on the atheist-socialist guiding concept of Charles Howarth (Engelhardt 1990: 16). In 1966, “political and religious neutrality” and “cash payment” were eliminated from the original list of 7 founding principles (Patera 1992: 553) and “co-operation among co-operatives” was added (Haselmann 1971: 25f):

- refundments according to the individual sales of the members – further surpluses should be used for the development of the co-operative or for the development of the community
- limited interest of the members’ shares
- voluntary and open membership – interdiction of discrimination
- democratic member control – “one member, one vote”
- education of the members – universalistic educational mandate
- co-operation amongst co-operatives

2.2.4. ICA (International Co-operative Alliance)

The principles of the ICA, which are based on the principles of the Rochdale pioneers, were used until 1966 as required criteria for the admission of new members. Since 1995, the principles of the ICA include the following 7 principles (Kaltenborn 2012: 44ff):

- voluntary and open membership – interdiction of discrimination
- democratic control – “one member, one vote”
- economic participation of members
 - limited interest of the members’ shares
 - members have equal equity shares (Muenkner 2013: 58)
 - Surpluses are to be used firstly for reimbursements in relation to the services provided for the co-operative and secondly for the development of the co-operative (Muenkner 2013: 58).
- autonomy and independence – self-help-organizations – democratic control
- education, training and information of members and employees, public communication of the features and advantages of co-operatives
- co-operation amongst co-operatives
- concern for the community of the co-operative – co-operatives should support the sustainable development of their respective community (Muenkner 2013: 58)

2.2.5. The co-operative essence as derived from co-operative principles

Principles / Values	Co-operative founders			Interest groups	Science
	Schulze-Delitzsch	Raiffeisen	Rochdale	ICA 2013	Analysis according to Hill / Doluschitz (2014)
Self-help	Autonomy and independence	Principle of self-help (previously: principle of charity)	Implicitly discussed	Autonomy and independence	Self-help
Mandate to promote members / Identity principle / Members as recipients of promotion	Explicitly named	Implicitly discussed	Implicitly discussed (reimbursement, limited share interest)	Implicitly discussed (reimbursement, limited share interest)	Implicitly discussed
Voluntary and open nature of membership	Implicit	Explicitly named	Explicitly named	Explicitly named (interdiction of discrimination)	Voluntariness
Self-government / democratic structures and decision making	Self-government explicitly discussed, also covers democratic government	Self-government explicitly discussed, also covers democratic government	Explicitly named	Democratic control	Democracy / fairness
Self-responsibility / liability / Surplus remains in the co-operative	Results from autonomy and self-government	Self-responsibility and joint liability explicitly named		Building of non-returnable reserves explicitly named	Self-responsibility
Regionality / social responsibility / care for the community		Principle of local and village co-operatives explicitly named		Support of sustainable development of the community	Social responsibility
Co-operative associations		Associations to take over coordination functions and to provide consulting and training services			
Co-operative education mission			Educating members - universal educational mission	Provide training for members and officials, providing the public with information on cooperatives	
Co-operation with other co-operatives			Principle of co-operation between cooperatives	Cooperation to strengthen the co-operative movement	

Tab. 1: Comparison of the various catalogues of co-operative principles and values

The mandate to promote the members’ economic situation and the principle of identity – although implicitly included in all these catalogues of co-operative principles – are only named by Schulze-Delitzsch as separate principles. Whilst the principle of voluntariness is named as a separate principle by Raiffeisen, the Rochdale pioneers and the ICA; Schulze-Delitzsch includes this within the principle

of self-help. The principle of self-help and autonomy is not explicitly mentioned by the Rochdale pioneers, but is also anchored in all co-operative traditions. The principle of democratic government can be found in each catalogue as a separate principle. Schulze-Delitzsch and Raiffeisen subsume this under the principle of “self-government”. Self-responsibility and self-reliance through joint liability are not named in all four traditions as separate principles, but are implied within all. Regionality was also added as a principle by Raiffeisen, the Rochdale Pioneers and the ICA.

These principles can therefore be summarized as the following co-operative essence:

- self-help / mandate to promote members / principle of identity
- democratic decision making / self-government
- self-responsibility

2.3. The relevance of co-operative principles today and the co-operative identity crisis

Initially, credit co-operatives were established to improve the economic situation and to improve access to credit, through this self-help mechanism (Maendle 1990: 536; Blome-Drees/Schmale 2006: 56). Today, credit unions find themselves with their current services in direct competition with non-co-operative banks (Grosskopf 1990a: 106; Grosskopf 1990b: 376; Blome-Drees/Schmale 2006: 56; Gschwandtner 2009: 161). Therefore, the relationship between the co-operatives and their members has developed into to a “quasi market relationship” (Maendle 1990: 538f) and credit co-operatives have developed into so-called “market co-operatives” (Laurinkari 1990a: 406ff; Duelfer 1992: 425; Fischer 2009: 227).

Although economies of scale have improved the organization’s competitiveness and from an economic perspective corporate growth can be viewed as a successful development, these trends have had adverse impacts on the realization of the co-operative principles. It is often reasoned that the potential advantages of co-operatives only hold true for a moderate number of members (Bowles/Gintis 2002). Due to the increasing difficulties regarding democratic decision-making, adequate control mechanisms, intrinsic incentives for members and the opportunistic behavior of the management due to lacking control mechanisms, members are likely to be less inclined to perceive themselves as owners and patrons of the co-operative and rather confine themselves to acting as investors or customers (Somerville 2007). Accordingly, studies have shown that the size of a co-operative negatively affects the participation of members in the co-operative business operations, as well as the decision-making-process (Jones/Kalmi 2012; Cazzuffi/Moradi 2012).

While F.W. Raiffeisen previously described the co-operatives as an extended family, today the relationships between individual members and between the members and the co-operative have become weaker. In addition to this, the dependence of the members on the co-operative, as well as the connection of the members with the co-operative now also hardly exist (Grosskopf 1990b: 368, 374; Bonus 1994: 48, 62). In order to increase competitiveness through economies of scale, these credit co-operatives have opened their business to non-members. Thus, since membership is not necessary to enter a business relationship with a credit co-operative, this bond between members and the co-operative has been further weakened (Bonus 1994: 53f; Laurinkari 1990b: 361). Increasing competition and regulatory changes with respect to consumer protection laws and other legislative developments (e.g. the so-called BASEL regulations) make it difficult for co-operative banks to differentiate between member customers and non-member customers in regards to the provision of clear-cut economic benefits such as, for example, better access to loans, cost advantages, etc. This makes it difficult to fulfil the mandate to promote members through offering economic advantages (Grosskopf 1990a: 106f). For credit co-operatives with thousands of members, it is difficult to implement the co-operative principles such as the principle of democracy and the principle of self-management. Due to this grow-

ing complexity and intensity of competition, co-operatives are increasingly orientating themselves towards their competition and are acting as management dominated enterprises, whilst member participation continues to dwindle (Henzler 1967: 235; Grosskopf 1990a: 109; Vierheller 1990: 85f; Blome-Drees/Schmale 2006: 57; Schmidt 2006: 20; Fischer 2009: 227).

Cuevas and Fischer (2006) identify conflict between members vs. managers as the main sources of failure of co-operative financial institutions. With a weakening in member participation the level of control over management is reduced, which might result in rent-seeking while increasing wasteful expenses (Cuevas/Fischer 2006: 10; Shaw 2006: 12). However, direct involvement of members in decision-making is often impractical due to the associated high expenditure of time, high complexity and competitive pressures, which has resulted in decision-making and enforcement power shifting towards management (Grosskopf 1990b: 372ff). Willingness to participate in decision-making has also been affected by the fact that the voting power of individuals has diminished due to increasing membership.

This indifference and lack of awareness in regards to values and guiding principles, as well as a vagueness in understanding of the idea of the co-operative, caused by the erosion of these principles (especially the mandate to promote members), may well be leading to an identity crisis (Grosskopf 1990b: 376; Bonus 1994: 156ff; Ringle 2007: 11). Loss of identity threatens when members and other actors – such as employees – have no knowledge of the co-operative mission (Ringle 2007: 11). Especially in phases of rapid expansion, a weak and divided culture may emerge, when new management, new employees and new members have not yet internalized the established group values (Bonus 1994: 16). Thus, identity crises are often the result of a lack of awareness on the part of the full-time management and the employees with respect to the action-driving-values (Ringle 2007: 17).

The original credit co-operatives, which were based on the ideas of Raiffeisen and Schulze-Delitzsch were geared towards a very different environment (Bonus 1994: 18), and so have been subject to further developments over time. Even if these developments might not be in direct contradiction with the principles postulated by the historical founders, they have at least weakened their initial meaning:

- The *neighborhood principle* (= the limitation of the activities of the credit co-operative to a narrow, regional level) postulated by F.W. Raiffeisen (Duelfer 1984: 123f; Ringle 2007: 6) has been undermined by numerous mergers. In view of competitiveness and various regulative issues demanding a certain level of economies of scale this principle is simply no longer maintainable.
- Since usually the co-operative with limited liability is chosen, the *principle of unlimited and joint liability* (Duelfer 1984: 123f) is practically no longer existent. Self-responsibility is then limited only to the creation of reserves.
- Due to the limitations of liability, *solidarity* also no longer belongs to the cultural core of credit co-operatives, whereby it is necessary at the association level (Bonus 1994: 64f, 75).
- Although credit co-operatives reinvest a comparatively high proportion of their profits, co-operative share interest rates are now common practice – through this capital outflow, the *mandate to promote members* according to their participation in the performance process is limited. F. W. Raiffeisen called for dividends of a maximum value equivalent to commonly used interest rates (Duelfer 1984: 123f).
- The acceptance of “investing” members also leads to the erosion of the idea of *self-help* and the *principle of identity*. Investing members have no interest in participating in the performance relationship – the primary channel for fulfilling the mandate to promote members.
- Non-member customers or clients also run contrary to the idea of *self-help* and the *derived principle of identity*.

- Members of the administrative bodies are full-time professionals, which is inevitable due to strict legal qualification requirements. Furthermore, a composition of these bodies with volunteers is no longer conceivable due to the complexity of the banking industry (Bonus 1994: 52f). With this, the principle of *self-government* is being eroded. Although he certainly considered employed experts for special tasks, F.W. Raiffeisen advocated a volunteer management (Ringle 2007: 6).
- The composition of bodies (such as a supervisory council), is often linked with membership, but this formal hurdle can be overcome through the possibility of a “promotional” or “investing” membership. As a result of this, the principle of *self-government* is further eroded.
- With regard to the *principle of self-government*, it should also be noted that the allowance of representatives meetings by the Co-operatives Act has weakened the traditional member’s right to democratic participation.

Despite these far-reaching developments, according to Schuster (2009: 63f), the following principles still govern the co-operative practices of the Raiffeisen Banking Group in Austria today: self-help, self-management, self-responsibility, subsidiarity and regionality.

3. Method

3.1. Questionnaire

In addition to questions about the specific personal characteristics of respondents, such as seniority, level of education, co-operative membership, etc. the questionnaire contained a total of 20 knowledge questions about traditional and relevant co-operative principles and policies, and – since only employees of Raiffeisen banks were interviewed, they were also asked to give their views on F.W. Raiffeisen. For knowledge question, three response categories were available: “true”, “not true” and “do not know”. In developing the questionnaire it was not possible to refer back to recognized scales for measuring the co-operative principles, as these have not yet been developed. As part of a pre-test the intelligibility of the questions, as well as the structure of the questionnaire were examined.

3.2. Sample

The total population consists of 41 regional credit union with 500 branches and 481 independent Raiffeisen banks with 1,630 banking offices (OeGV n.d.: online; OeRV n.d.: online), whereby a small number of banking institutions operate as a public company.

For this survey, co-operatively organized Raiffeisen banks in Lower Austria were selected. The restriction to Raiffeisen banks was made because the Volksbanken sector is currently undergoing a restructuring process. The regional restriction to the county of Lower Austria was implemented due to convenience reasons. Employees at all hierarchical levels were interviewed. The empirical data was gathered in 2015 from mid-April until mid-June by means of a questionnaire. Study participation was dependent on the persons in authority’s approval of each participating co-operative bank, which were purposely chosen, as well as on the employees’ willingness to contribute to the survey. Each survey was conducted at the employee’s place of work.

126 people, from a total of 17 bank branches, of 12 cooperative banks were interviewed. As 4 questionnaires were faulty or fragmentary, the drawn sample comprises of 122 questionnaires. The gathered information on the personal characteristics of the interviewees is illustrated in the table below:

characteristics	attributes and distribution																															
period of employment in a co-operative bank	<table border="1"> <caption>Data for Figure 1: Period of Employment Distribution</caption> <thead> <tr> <th>Period of Employment</th> <th>Number of Interviewees</th> </tr> </thead> <tbody> <tr><td>40</td><td>1</td></tr> <tr><td>37</td><td>3</td></tr> <tr><td>34</td><td>2</td></tr> <tr><td>31</td><td>4</td></tr> <tr><td>28</td><td>7</td></tr> <tr><td>25</td><td>2</td></tr> <tr><td>22</td><td>3</td></tr> <tr><td>19</td><td>8</td></tr> <tr><td>16</td><td>2</td></tr> <tr><td>13</td><td>4</td></tr> <tr><td>10</td><td>2</td></tr> <tr><td>7</td><td>4</td></tr> <tr><td>4</td><td>7</td></tr> <tr><td>1</td><td>7</td></tr> </tbody> </table>		Period of Employment	Number of Interviewees	40	1	37	3	34	2	31	4	28	7	25	2	22	3	19	8	16	2	13	4	10	2	7	4	4	7	1	7
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	1	7																														
	highest educational achievement	no secondary school certificate	30																													
		secondary school certificate	77																													
		academic degree	15																													
	focus of education	economic focus	88																													
no economic focus		34																														
membership	members of cooperative banks	116																														
	members of cooperatives (not in the banking industry)	3																														
	non-members	3																														

Tab. 2: Personal characteristics of the interviewees

3.3. Analysis

In the course of the data analysis, the features of the sample were presented and described by means of descriptive methods. Additionally, inferential statistical procedures were conducted in order to draw a conclusion based on the sample that could be applied to the basic population. ANOVA (analysis of variance) and linear regressions were used to verify whether the response behavior was independent of subgroups, or whether the differences indicate inferences about the basic population with a certain degree of probability. Should a significant result arise from the statistical tests, the hypothesis that the attributes are mutually independent can be discarded and a correlation between those two variables can be postulated.

4. Results and Discussion

The presentation of the results will be structured according to the core principles self-help / identity principle, self-government and self-responsibility. In a fourth sub-section, the results of knowledge about particular views of F.W. Raiffeisen will be presented.

In addition to the response distribution among the 20 question items formulated into statements, it will also be explored in these four sections, if the knowledge of the categories “self-help”, “self-government”, “self-responsibility” and the category “Raiffeisen-specific values / principle” is influenced by the personal characteristics.

A group based comparison of membership has been omitted since almost all surveyed employees are also co-operative members. Likewise, the results will not discuss the “focus of education” because the analysis has revealed no significant differences. Thus, the statistical analysis of the subchapter is limited to the features “period of employment in a co-operative bank” und “highest educational achievement”. The characteristic “period of employment” was summarized into three groups:

- up to 5 years: These employee have only been in contact with a co-operative organizational culture for a few years.
- 6 to 24 years: This group has experienced the far-reaching restructuring and merger waves and should have internalized the values of the company.
- 25 years and over: This group should also know the corporate culture and should have internalized the values of the company. The long length of service may ultimately be an indication of a special identification with core co-operative values.

At the end of section 4 the overall knowledge of respondents is also analyzed comprehensively.

4.1. Principle of self-help

statement no.	statements included in the questionnaire	true/false
S1	The primary co-operative goal is to maximize the benefits for their members and not maximize the profits of the cooperative.	true
S2	The mandate to promote members outlined in the Cooperatives Act specifies exactly how the members should be promoted.	false
S3	The promotion of the members of a co-operative can be both of a monetary and non-monetary nature.	true
S4	The promotion of co-operative members can also take place exclusively through regular payment of dividends.	false
S5	As a rule, co-operative members are also customers or suppliers of the cooperative operation.	true
S6	Members of a co-operative outsource business functions to the co-operative.	true
S7	According to the original co-operative idea members as well as non-members could be customers or suppliers of the co-operative.	false
S8	Contrary to the original cooperative idea, today, so-called “investing members” who have no interest in the goods and services of the cooperative, participate in the cooperative.	true

Tab. 3: Individual statements – category “self-help”

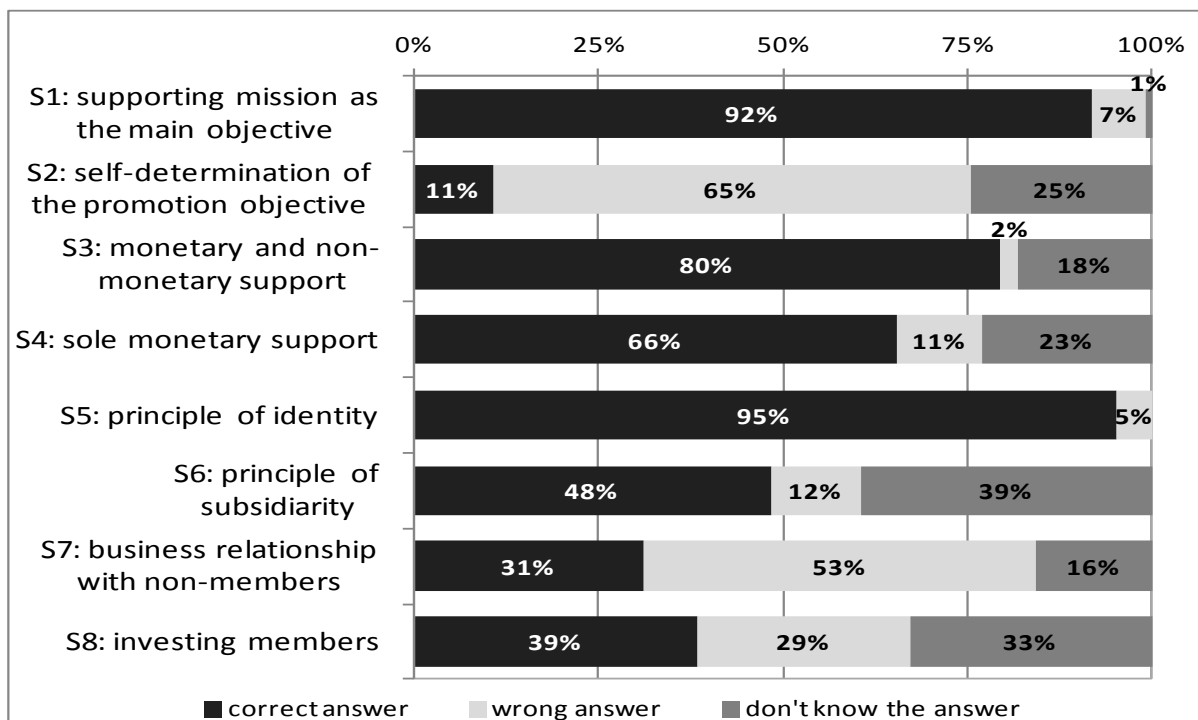


Fig. 2: Employee's specific knowledge of the principle "self-help"

These results show therefore, that there are partly significant gaps in the respondents' knowledge with respect to key aspects of the self-help principle, which is particularly surprising given nearly all respondents are also co-operative members. Despite the relatively high proportion of 92% correct answers, it is nevertheless somewhat surprising that 8% do not know the legally predefined objective, to promote the economic situation of members. That many respondents do not know the principle of identity, can eventually be explained by the fact that many years of non-member customers have made an impact and consequently, 50% of respondents are not aware that non-membership was not considered as part of the original co-operative idea.

65% are incorrectly of the opinion that the mandate to promote members was exactly prescribed by law. Although the Co-operatives Act prescribes the promotion of members, it does not, in any way detail in what way this is to be achieved. One third of employees surveyed do not know that promotion only through the payment of dividends is not in accordance with co-operative values. On average, the respondents answered about 4 ½ (or around 60%) of 8 questions correctly. In Table 4 it can be seen how many items from the category "self-help" the individual subgroups answered correctly on average and whether the response distribution is related to certain characteristics of the respondents.

characteristic	attributes	mean	mean	test statistic
		(absolute)	(relative)	
correct answers				
duration of employment	up to 5 years	4.30	53.8 %	not significant
	6 to 24 years	4.60	57.5 %	
	25 years and over	4.74	59.3 %	
level of education	no secondary school certificate	4.27	53.3 %	not significant
	secondary school certificate	4.65	58.1 %	
	academic degree	5.15	64.4 %	

Tab. 4: Statistical analyses – category "self-help"

Although, according to the mean values, increasing seniority and increasing education level is connected to more extensive knowledge in respect to the principle of self-help, the differences are nevertheless, not statistically significant.

4.2. Principle of self-government

statement no.	statements included in the questionnaire	true/false
S9	The Board of a co-operative is composed exclusively of members of the co-operative.	true
S10	There must be an important reason given so that the members can dismiss general board members.	false
S11	To avoid conflicts of interest, the Supervisory Board may not be filled by members of the co-operative.	false
S12	Each member has one vote in the General Assembly – irrespective of how many shares the member has subscribed. The statute may provide for voting power, depending on the number of shares.	true
S13	Via the General Assembly the members of the co-operative have the authority to issue binding instructions to the management board.	true

Tab. 5: Individual statements – category “self-government”

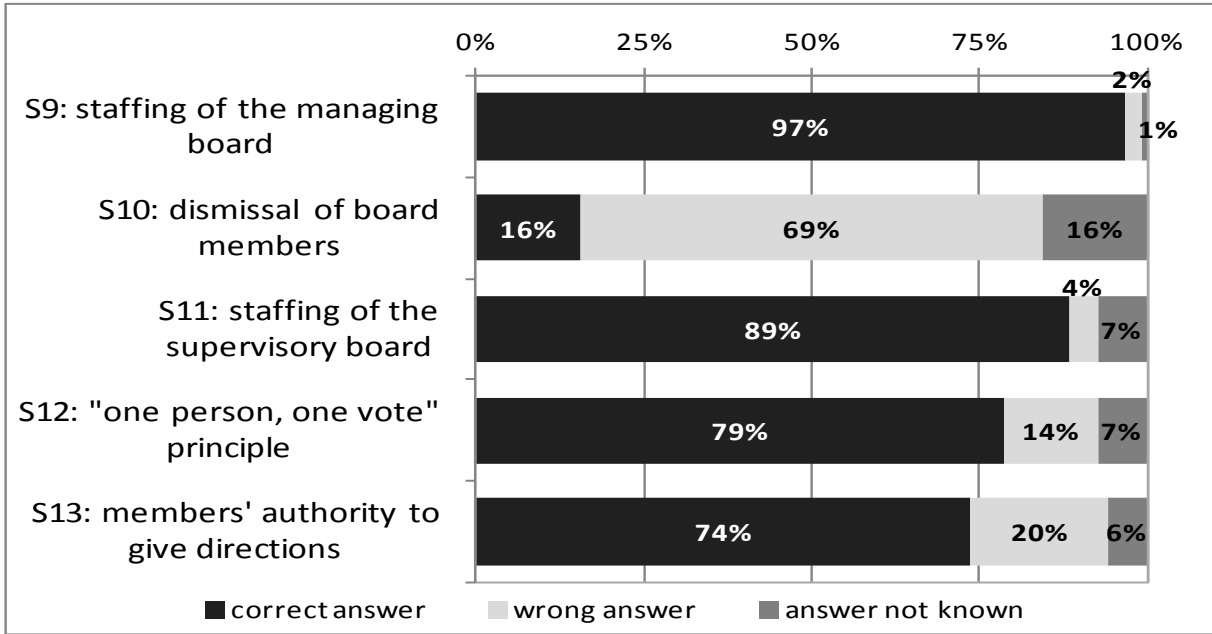


Fig. 3: Employee’s specific knowledge of the principle “self-government”

Only approx. 15 % know that the General Assembly may dismiss a board member without serious reason. This provision is Austria specific; in Germany, this competence has been withdrawn from the General Assembly (Keinert 1990: 114).

The principle of democracy “one person, one vote” and the right of the General Assembly to issue instructions have lost in importance. Reasons here are that the statute can deviate from the “one person, one vote”, that membership meetings rarely take place and that the voting rights of members are often only exercised by a few elected representatives in the General Assembly. Directives to co-operative bodies practically never occur, which is probably due to the increasing complexity of the banking system and the alienation of members.

On average, the respondents knew to the correct answer to about 3½ (or approximately 70%) of the 5 questions. The response behavior is dependent neither on the seniority nor on the level of education:

characteristic	attributes	mean (absolute)	mean (relative)	test statistic
duration of employment	up to 5 years	3.50	70.0 %	not significant
	6 to 24 years	3.46	69.2 %	
	25 years and over	3.62	72.4 %	
level of education	no secondary school certificate	3.40	68.0 %	not significant
	secondary school certificate	3.61	72.2 %	
	academic degree	3.38	67.7 %	

Tab. 6: Statistical analyses – category “self-government”

4.3. Principle of self-responsibility

statement no.	statements included in the questionnaire	true/false
S14	As a rule, each member is liable with all of their assets.	false
S15	The statute may provide a supplementary payment obligation for the members in upwardly capped amount, for the event of insolvency.	true

Tab. 7: Individual statements – category “self-responsibility”

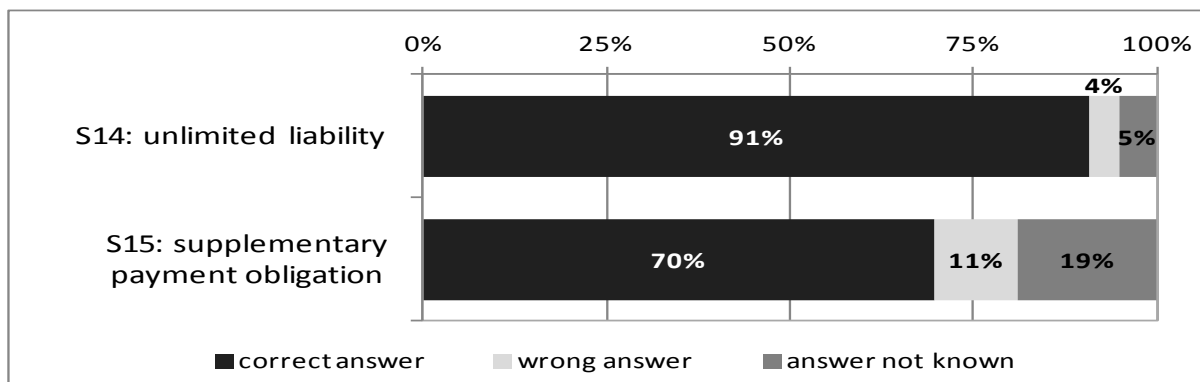


Fig. 4: Employee's specific knowledge of the principle “self-responsibility”

Today, the formerly practiced joint and unlimited liability hardly has any relevance, since the Austrian Co-operatives Act offers the possibility of limited liability, which is applied exclusively. 90 % knew that members are not liable with all their assets, and 70% also know that in co-operative practice, a supplementary payment obligation is often outlined in the co-operative statutes, for the event of insolvency. Since membership is not a condition for employment, knowledge of employees regarding the principle of self-responsibility is not self-evident. Indeed, 116 of the 122 survey participants are simultaneously members of a credit co-operative, whereby the majority should be informed about the individual risk associated with membership.

On average, the surveyed co-operative employees gave the correct answer to around 1 ½ (or 80%) of the two statements.

characteristic	attributes	mean (absolute)	mean (relative)	test statistic
duration of employment	up to 5 years	1.25	62.5 %	ANOVA: F(2, 119) = 6.264; p = 0.003
	6 to 24 years	1.60	79.8 %	
	25 years and over	1.76	88.0 %	
level of education	no secondary school certificate	1.43	71.7 %	not significant
	secondary school certificate	1.65	82.3 %	
	academic degree	1.77	88.5 %	

Tab. 8: Statistical analyses – category “self-responsibility”

The statistical analysis shows that the knowledge of these statements is significantly influenced by the seniority. The post hoc analysis using the Tukey test also provided evidence that the knowledge of the subgroup “to 5 years” was significantly below those of subgroups “6 to 24 years” ($p = 0.045$) and “25 years and over” ($p = 0.002$). The difference between the subgroups “6 to 24 years” and “25 years and over”, however, is not significant.

4.4. Raiffeisen-specific principles/values

statement no.	statements included in the questionnaire	true/false
S16	According to F. W. Raiffeisen, co-operatives should be organized so that as many parishes as possible are cared for by single association, in order to save administration costs.	false
S17	F. W. Raiffeisen took the view that members of the board of a co-operative should receive no remuneration. On the one hand, he wanted to promote a sense of community, on the other hand board members should be prevented from engaging in risky transactions, in the hopes of higher remuneration payments.	true
S18	F. W. Raiffeisen principally rejected the issue of shares to the members. He advised, therefore, to issue shares only where it is possible and necessary. Members should not have to invest in order to obtain membership. He also wanted to prevent members having a claim on dividend-payment through investment.	true
S19	Principally, F. W. Raiffeisen envisioned a complete retention of profits.	true
S20	According to F. W. Raiffeisen, in the event of dissolution of a cooperative, the surplus from the liquidation of the cooperative's assets should be utilized for future co-operative start-ups. Members should have no claim to the surplus from the liquidation.	true

Tab. 9: Individual statements – category “Raiffeisen-specific principles/values”

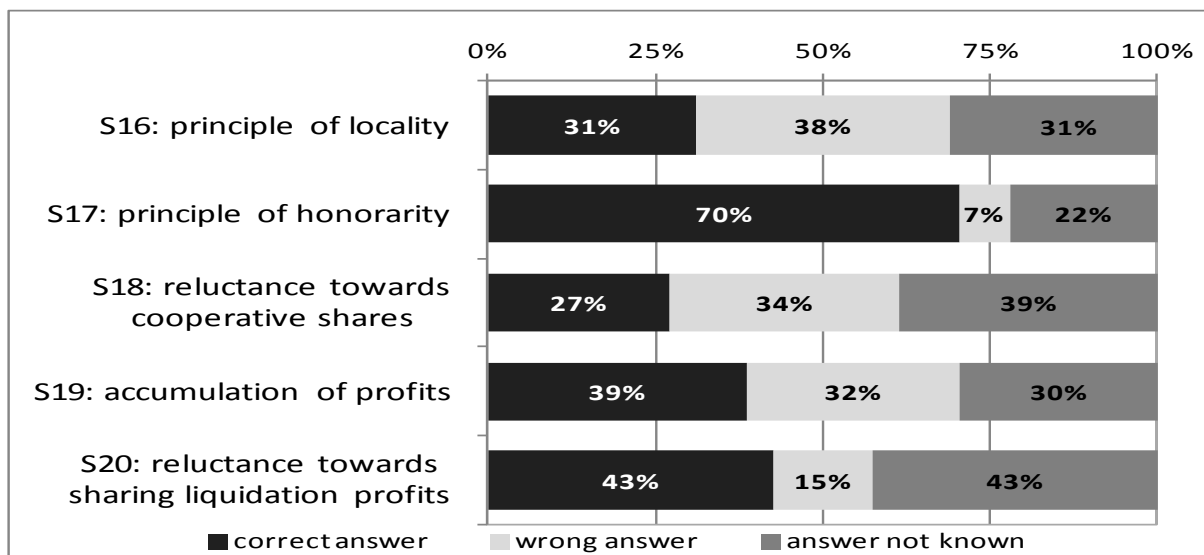


Fig. 5: Employee's knowledge of Raiffeisen-specific principles/values

As the above illustration shows, little is known about the traditional core values of Raiffeisen. With the exception of the exclusively voluntary occupation of the administrative bodies, the share of correct answers amount to significantly less than 50 %. The distinct lack of knowledge can probably be explained by the original ideas of F.W. Raiffeisen being today partly overhauled and now being only of limited validity for the Austrian co-operative banks:

- In order to form a membership or customer relationship, it is no longer a requirement to be residents of the community.
- Employees and managers no longer work voluntarily.
- Membership is linked with an acquisition of a cooperative share in return for payment. Moreover, it is possible to have memberships with several credit co-operatives, as well as a subscription to more co-operative shares from a co-operative.
- Many credit co-operatives offer their members today a return on their shares, nevertheless gains are still largely reinvested, which is often unavoidable due to strict capital adequacy rules.

On average, respondents gave the correct answer to a little more than 2 (i.e. 42%) of the questions. In the table below the average knowledge of the subgroups is presented. Significant differences between the subgroups were not revealed. Somewhat surprisingly, however, respondents who worked in a credit co-operative for the longest time had the least knowledge of the traditional values and principles of F.W. Raiffeisen.

characteristic	attributes	mean	mean	test statistic
		(absolute)	(relative)	
		correct answers		
duration of employment	up to 5 years	2.10	42.0 %	not significant
	6 to 24 years	2.19	43.8 %	
	25 years and over	2.00	40.0 %	
level of education	no secondary school certificate	2.00	40.0 %	not significant
	secondary school certificate	2.09	41.8 %	
	academic degree	2.38	47.7 %	

Tab. 10: Statistical analyses – category “self-responsibility”

4.5. Overall knowledge

On average, the interviewed employees selected the correct answer for almost 12 of 20 questions (or approximately 60%).

characteristic	attributes	mean	mean	test statistic
		(absolute)	(relative)	
		correct answers		
duration of employment	up to 5 years	11.15	55.8 %	not significant
	6 to 24 years	11.85	59.2 %	
	25 years and over	12.12	60.6 %	
level of education	no secondary school certificate	11.10	55.5 %	not significant
	secondary school certificate	11.99	59.9 %	
	academic degree	12.69	63.5 %	

Tab. 11: Statistical analyses of comprehensive the comprehensive knowledge

The above table shows that the proportion of correct answers is between 55% and 65%. However, the results also relate to values and principles F.W. Raiffeisen, which are now only of limited importance: By eliminating the five Raiffeisen-specific statements from the analysis made, the result would be a mean value of about 10 correct answers in 15 questions:

characteristic	attributes	mean	mean	test statistic
		(absolute)	(relative)	
		correct answers		
duration of employment	up to 5 years	9.05	60.3 %	not significant
	6 to 24 years	9.65	64.4 %	
	25 years and over	10.12	67.5 %	
level of education	no secondary school certificate	9.10	60.7 %	not significant
	secondary school certificate	9.90	66.0 %	
	academic degree	10.31	68.7 %	

Tab. 12: Statistical analyses of the over-all knowledge excluding Raiffeisen-specific values

The statistical comparisons here too prove to be not significant at the 0.05 level. However, they allow for statements regarding tendencies. The table above leads to the assumption that with increasing length of service the knowledge about the co-operative principles increases. The result of the ANOVA is only just not significant [$F(2, 119) = 2.724$; $p = 0.070$], and the linear regression provides a similar result [$F(1, 120) = 3.416$; $p = 0.067$]. The assumption stating that the level of education has an impact on the overall knowledge can also be made based on these results. The significance value of the ANOVA $p = 0.056$; is only slightly above the 5% significance level.

5. Conclusion

The data gathered in this study show that some characteristic qualities which are still relevant today – are little known among the employees of credit co-operatives. Obviously, core cooperative values are no longer an integral part of the corporate culture of the examined credit co-operatives.

Naturally if these cooperative values are not contained within the organizational culture, then cooperative values cannot be reflected in the decisions and actions of the management and the employees. Thus, no particularly “co-operative specific image” will result from publicly perceivable actions of the

co-operatives, in which these co-operative values are reflected. If co-operatives want to be perceived by the public as a specific enterprise type and as an organizational form that is obliged to have special values, then there is a need to transmit these co-operative values and principles to employees, so that they can develop into behavior-influencing effects.

If there is a softening of these defining traits of the co-operative form of organization then there is a danger of an identity crisis. It is unavoidable that the co-operative model, together with its guiding principles, will continue to change in order to hurdle emerging challenges and to reflect changes in the social and business environment. However, the question is, whether the cultural core and the cooperative nature will be preserved.

In the most mature co-operative sectors including banking a “decooperativization or isomorphism” can be witnessed due to difficulties in balancing successful operation with co-operative principles (Gaudano 2006: 120). To avert this movement towards more capitalist forms, a reassertion of the importance of the core co-operative principles is needed. Whereas in European countries co-operatives – at least in specific sectors (e.g. social co-operatives) – are still linked to social movement for economic and social justice, in the US co-operatives are primarily categorized as a form of private sector ownership (Shaw 2006: 5). This is shown for example by the fact that the Department of Agriculture has adopted only the three principles: user-ownership, user-control and (proportionally distributed) user benefits (Zeuli/Cropp 2004: 77; Shaw 2006: 4).

Today large co-operatives are only slightly influenced by the co-operative value set, which is due to the development of so-called “market co-operatives”. With a view to the dual nature of co-operatives (Draheim 1952: 16), the focus is on the co-operative’s operations, while the joining of people has been relegated to secondary importance. This development is reflected in this study through the respondents’ deficient knowledge regarding the rights of members. Particularly in the banking sector, this trend is worsened due to numerous challenges: strict regulations, equity requirements, homogeneous banking products, heterogeneity of the members as well as intense competition.

However, from a strategic management perspective, a return to underlying values and, consequently, a revival of membership, could provide a valuable competitive advantage. Unlike non-co-operative enterprises, in the co-operative context CRM strategies are not designed as a means for the purpose of making a profit, but are a means of fulfilling the promotional mandate of the co-operative (Schmidt 2006: 42). For this to succeed, it is necessary to make employees aware of the specific features of co-operatives. Co-operative values can only be actively lived and visible persist when employees are familiar with the co-operative principles. Proper training of the acting individual of co-operatives is therefore, the corner stone of behavior and decision making in accordance with the core principles. Nevertheless, to ensure a focus on the meaningful co-operative principles, training of employees is not sufficient. It is important to convey a true identity corporate culture, which will only be successful, if employees are aware of the purpose of their actions and in addition if they can identify themselves with the values, norms and principles. Otherwise it could lead to the case that, although the language of the cooperative corporate culture continues to be used, this no longer really applies to the co-operative reality (Hettlage 1990: 145).

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