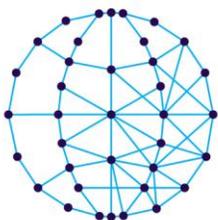


Cooperatives : The Power to Act
Texts selected for the international calls of paper

EMPOWERING WORKERS TO INNOVATE AND ENTREPRENEURSHIP: RAISON D'ÊTRE OF SUCCESSFUL WORKERS COOPERATIVES

Dr. Vrajlal SAPOVADIA¹



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Abstract

This study critically analyses selected Indian workers cooperatives to find reasons over time of their successes and failures. Workers cooperatives, where decisions are made democratically by workers who also act as entrepreneurs, managers and members, flourish in many industries and regions. They tend to provide employment by creating value and remain accountable to the community. Entrepreneurs who are risk takers and innovate to satisfy ever-changing consumers' needs succeed through well-managed business. The study employs a qualitative research design on a variety of workers cooperatives. It looks at phenomena of business cycle, value creation cum-distribution, overlapping multiple roles of workers, management practices, innovation, product lifecycle, and consumer satisfaction with respect to business performance. We attempt to explore and interpret dynamism of activities and interactions among stakeholders to ascertain success factors. We find that continuous innovation and an entrepreneur spirit are key to success. The findings may also help to advance socio-economic enterprises.

Résumé

Cette étude propose l'analyse critique d'un ensemble de coopératives de travailleurs en Inde afin d'en dégager les raisons de leur réussite ou de leur échec au fil du temps. Les coopératives de travailleurs, lieu où les décisions sont prises démocratiquement par les travailleurs assumant aussi les rôles cumulés d'entrepreneur, de gestionnaire et de membre, sont en essor dans plusieurs industries et régions. Elles tendent à fournir des emplois par la création de valeur et rendent compte à la collectivité. Les entrepreneurs qui prennent des risques et innovent afin de satisfaire les besoins en perpétuel changement des consommateurs réussissent en contexte d'entreprises bien gérées. Cette étude repose sur une recherche qualitative portant sur une diversité de coopératives de travailleurs. Elle s'intéresse aux phénomènes du cycle commercial, de la création de valeur et de distribution, du chevauchement des rôles multiples des travailleurs, des pratiques managériales, de l'innovation, du cycle de vie des produits et de la satisfaction des consommateurs par rapport au rendement commercial. Nous tentons d'explorer et d'interpréter le dynamisme des activités et interactions au sein des principales parties prenantes afin de vérifier les facteurs de réussite. Il nous apparaît que l'innovation constante et l'esprit entrepreneurial forment la clé de la réussite. Ces résultats pourraient également s'appliquer à l'avancement des entreprises d'économie sociale.

Resumen

Este estudio propone un análisis crítico de un conjunto de cooperativas de trabajadores en la India, con el objeto de descubrir las razones de su éxito o de su fracaso a lo largo del tiempo. Las cooperativas de trabajadores —el lugar donde ellos toman las decisiones de manera democrática y también actúan como emprendedores, gerentes y miembros— están en plena expansión en muchas industrias y regiones. Estas instituciones tienden a suministrar empleo a través de la creación de valor y rinden cuentas a la comunidad. Los emprendedores que asumen riesgos e innovan con el objeto de satisfacer las necesidades de los consumidores, que cambian constantemente, tienen éxito en el contexto de empresas bien administradas. Este estudio emplea un diseño de investigación cualitativa acerca de una diversidad de cooperativas de trabajadores. En ese sentido, analiza los fenómenos del ciclo comercial, de la creación de valor y de la distribución, de la superposición de las múltiples funciones de los trabajadores, de las prácticas de gestión, de la innovación, del ciclo de vida de los productos y de la satisfacción de los consumidores respecto del rendimiento comercial. Intentamos

explorar e interpretar el dinamismo de las actividades y las interacciones entre los diferentes agentes con el fin de verificar los factores de éxito. Encontramos que la constante innovación y el espíritu emprendedor son la clave del éxito. De la misma manera, estos resultados podrían aplicarse al progreso de las empresas vinculadas a la economía social.

Introduction

The Indian cooperative movement has a unique status, role and impact in the socio-economic development by providing impetus to employment. With 595,215 cooperatives, the largest cooperative movement in the world is home to 249 million members, employing 16.69 million workers and self-employed (National Cooperative Union of India statistics, Indian Cooperative Movement at a Glance: 2008). Cooperative activities stand tall in the economic sphere as a third pillar. The cooperative movement is recognized as an effective instrument for social development and viable economic enterprises. Workers Cooperatives have grown over time, with workers on the rise in the country (Sapovadia et al. 2013). This paper analyses a selection of 10 workers cooperatives engaged in different activities and registered under various statutes.

Worker ownership is gaining attention in a variety of forms and regions. The study critically analyses workers cooperatives to find reasons of its success or failures over time, employs a qualitative research design on a variety of entities. It looks at phenomena of business cycle, value creation, value distribution, overlapping roles of workers (as members, entrepreneurs and managers), management practices and innovation vis-à-vis business performance. We attempt to explore and interpret the dynamism of activities and interactions among key stakeholders to ascertain success factors. We study various forms of workers cooperative to analyze the governance structures, systems and processes with respect to economic and social performance. This kind of research is important to determine success factors of cooperatives in order to replicate these in other cooperatives (Carlberg et al. 2006).

Workers cooperatives are businesses like any other, except that they are owned and controlled by their employees. Workers in business are essential like other assets. Workers cooperatives are found in several sectors of industry: construction, agriculture, production, processing, restaurants, sewing, timber, dairy farming, etc. The history of workers cooperative has evolved to bring harmony between capital and labour. These cooperatives are also known as Industrial or Labour Cooperatives, they are registered in India under The Cooperatives Societies Act, Public Trust Act, Society Registration Act, Trade Union Act and Companies Act (Sapovadia et al. 2013).

What is a Workers Cooperative?

By “workers cooperative,” we mean a firm owned and controlled by its workers; it may not be a formal cooperative. The right of ownership is derived from being a worker in the cooperative. It is a form of organization aiming at employing workers who are associated to work together and who are jointly rewarded from the business.

Member participation and control are crucial for the success of such cooperatives. The workers' ownership influences the style of functioning. However, success is based on entrepreneurship and sustainable innovation of products and business processes. A workers cooperative has an immense potential to reach an ideal form of cooperative run by and for each member, close to routine business affairs. It requires a skilled workforce in value addition actively interacting with market forces and who understand the importance of upgrading their skills to survive in market. It comprises active agents of change who are responsible for success or failure. High frequency of interaction among workers may lead to disagreements, which needs to be controlled under able leadership (Seetharaman et al. 1981). The success of a workers cooperative depends upon its resources, entrepreneurial leadership, sustainable products, innovation, democratic governance, esprit de corps, fraternity, member centrality, adaptability, activeness, community and government support. The literature reveals that economic and social performance of a worker cooperative depends on enabling some conditions of its formation, environmental influences, and internal organizational characteristics (Sapovadia et al. 2013).

The Uralungal Labour Contract Cooperative Society Limited (ULCCS Ltd)

ULCCS Ltd is a construction cooperative society. ISO 9001:2008 certified (International Organization of Standardization), it obtains construction contracts through a competitive bidding process from reputed organizations to construct road, culverts, bridges, and modern buildings. The mission of ULCCS is to deliver quality and timely work. The focus of its activities is on societal uplifting and nation building by providing appropriate job opportunities to the downtrodden through collective initiatives of its members. Over time, membership has expanded and is venturing into larger works with higher investments, and has procured new machineries for advanced constructions. ULCCS has a well-defined organizational structure to execute board decisions and a consultation wing to associate in policy decision-making.

ULCCS Ltd aims at imparting training to members at affordable rates and provides education to make them employable. The society owns many facilities: quality testing, stone crusher, granite quarry, crushing equipment, brick manufacturing, mechanical workshop, etc. The society also ventures into the agriculture sector with the goal of providing employment to workers throughout the year. The society owns 33 acres of farm to cultivate various garden crops such as coconut, mangoes, spices, tapioca, etc. It has completed 3722 projects to date and is currently engaged in some 100 ongoing projects. (Sapovadia et al. 2013).

The members are encouraged to attend meetings, are expected to adhere to norms like maintaining a peaceful atmosphere at the worksites. The Board exercises strict discipline by punishing default members, may suspend a defaulter but cannot remove a member without permission of the general body. The society emphasizes professional governance starting by policy formulation, work execution and financial management. Consultation with professional bodies is necessary for various policy decisions.

Only workers can be elected as directors, whom are assigned the responsibility of project execution to ensure timely completion. This system, a derivative of cooperative principles, helps to achieve excellence. Members also attend cooperative education and training programs and workers are free to take appropriate decisions as prescribed by procedures, enabling workers to sharpen their leadership

skills. Workers receive a daily wage for the work done, usually higher than the market with additional benefits such as provident fund, medical allowance and gratuity. These practices support bottom-to-top joint responsibility, which in turn improves contribution and efficiency in many ways leading to success.

Self Employed Women's Association (SEWA)

SEWA, Ahmedabad based union, is comprised of self-employed women converging in a labour, cooperative and women's movement. The union is open for membership with nominal fees. Self Help Groups (SHG) and cooperatives are small vendors, home-based producers and labourers working in the unorganized sector. SEWA's objective is to offer an integrated plan for the development of self-employed women including childcare, leadership training through unique organizational structure of decentralized governance with two-tier level of elected representation to govern the union.

SEWA organizes women workers through a strategy of struggle and development for two main goals: employment and self-reliance. Members work in markets, from home, fields, forests, on riverbanks and in the desert. The members are divided into home-based workers, vendors/hawkers, manual labourers and service providers/producers. They undertake activities such as capacity building, livelihood, marketing, financial services, etc. SEWA's approach is need-based and demand-driven by identifying the needs and issues of the communities, which they link with government programs. This helps to leverage government resources and policy action. Due to this approach and services like banking, insurance and health care, expansion and growth has been spectacular (Sapovadia et al. 2013).

SEWA builds the capacities of members through spearheaded teams in order to make them owners and managers of their own trades. As a measure of decentralization, district association implements all activities in districts. This support provides a firm foundation for growth, leads to collective strength and increased bargaining power of the workers. Flexibility in organizational style and structure encourages experimentation and learning, willingness to take advantage of partnerships with others and hence synergy of fraternity and cooperation.

The Indian Coffee House (ICH)

The Indian Coffee House is a restaurant chain run by a series of workers cooperative societies with a strong presence of 400 coffee houses. ICH is owned and managed by its employees since 1950. The society is engaged in selling coffee powder with a rich aroma at reasonable prices along with typical South Indian foods. Over the years, the society has maintained its traditional values of good taste, courteous service and unmatched quality.

The Coffee Board was launched as ICH in the early 1940s, but within few years several restaurants were closed. The Coffee Board then decided to dismiss all employees and a large number of employees lost their jobs. Demonstrating their concern, they compelled the Coffee Board to handover

the outlets to the workers, who then formed the Indian Coffee Workers Cooperatives and renamed the network ICH. The communist Gopalan Nambiar took the leadership and organized societies across

India. Several dismissed employees dedicated their life, money and services to their society, the first of which was formed in Bengaluru in 1957, followed by several others in later years. An eleven-member managing committee elected by the employees governs the society. ICH runs 13 workers cooperatives governed by a managing committee, the members of which are elected by the employees. A national level federation unites them under one umbrella. Market positioning is achieved by creating a traditional atmosphere with healthy food and courteous service at an affordable price, a nice place to meet for refreshments. On the basis of research conducted by the Nielsen research firm, ICH was honored with the CNBC Awaaz Consumer Award in 2008 as most preferred Indian consumer brand.

Gambhira Farming Cooperative Society Limited (GFCSL)

Farmers of Gujarat's Kheda District established GFCSL in 1953. GFCSL gathers members from three villages near the town of Anand, famous for being home to the largest dairy cooperative AMUL. The state government distributed 201 acres of land along the riverbed to 176 farmers. The members of the society were divided into 30 working groups for operational convenience. Each group includes 8 to 14 members who choose their group leader and allocates 13-24 acres for farming. The land and other assets belong to the society. Members do not have ownership rights on assets or cultivation decisions. The society undertakes primary farming activities including tillage, purchasing, irrigation, storage and marketing of produce (Patel et al. 2010).

Farming by small farmers has become non-viable due to downsizing of land holdings, limited resources, low investment capabilities, limited bargaining power in procurement of inputs, storage capacity, and changing market conditions. Procurement of inputs and cropping patterns are decided collectively, while technical support is provided by the society. Members give half of their produce to the society. This strategy is based on two fundamental principles: the smaller homogenous groups of 10-12 households are a better unit of cultivation than individual farmers or large collectives, and these groups are supported by quality infrastructure to enhance productivity (Sudarshan, 2012).

The society helps the farmers to earn their livelihood and they have improved their socioeconomic conditions. Sales revenues in 2010-11 was INR 32.60 million. A member contributes 150-180 days of labour, earns significantly higher than if cultivating individually, that is a yearly earning of about INR 90,000 (Sudarshan 2014).

ShriMahila Griha Udyog (Lijjat)

Popularly known as Lijjat, a cottage industry, this Indian women's cooperative is engaged in manufacturing food and fast-moving consumer goods. Women's empowerment is done by providing employment opportunities and enabling them a decent earning and dignified livelihood. Lijjat started informally in 1959 with small capital, crossed sale of INR 6500 million in 2010. Lijjat provides

employment to 42,000 people through 67 branches. All members are owners and decisions are based on consensus. Lijjat is famous for products like papad (thin crisp food preparation served in India as an accompaniment to meal made of black gram, pulses, salt, pepper and spices) and Sasa detergent powder. Lijjat emphasizes the importance of quality standards, working as business enterprise and transparency. Only women looking for work can approach a branch to join without fees, with a monthly earning of approximately INR 3,000 working from home. It works on Gandhian philosophy of

“Sarvodaya” (universal uplift) and “Trusteeship.” To achieve generating self-employment for women, no machinery is used for production. Lijjat believes in quality goods at reasonable prices and has adopted the concept of mutual family affection, concern and trust. All affairs are handled in a manner similar to a family. Lijjat believes that the organization is a place of worship for members and employees to devote their energy for the benefit of all.

Management is entrusted to a 21-member selected managing committee. Irrespective of seniority, responsibility or work type, each member receives equal share of profit. Women who pledge to adopt the institution's values can become members of Lijjat and therefore participate in election. The members involved in rolling the papads require a clean house and a space to dry the papads they make. A woman without a house can take up other responsibilities, such as kneading dough, packaging or testing for quality. Once she has signed the pledge form, she becomes a member and is considered a sister-member. Production is hence carried out from thousands of individual homes. Every branch ensures that all activities are within standards and is responsible for all the activities ranging from production, to testing, including packaging, collecting, and profit distribution. Core activities like purchases are centralized to ensure advantage of collective bargaining and control.

Lijjat has evolved into a good governance structure by giving its branches an autonomous status. Profits remain with each branch and applied to augmenting business after due share is distributed among members. Lijjat focuses on division of labour among different divisions based on expertise like advertising, marketing, sales promotion and exports. There is greater coordination between different branches and divisions.

Working Women's Forum – India (WWF)

Padmsri award recipient Dr. Jaya Arunachalam founded WWF in 1978 with an objective of social and economic up-lift of poor women in Tamilnadu (Nachiappan et al. 2008). WWF is a strong women workers cooperative functioning in tandem with sister organizations: the Indian Co-operative Network for Women (ICNW) and the National Union of Working Women (NUWW). The mission of WWF is to reduce poverty and strengthen the economic and social status of poor women workers through micro-credit, training, social mobilization and other interventions. WWF and ICNW have the commendable task of serving their members in South India. WWF enhances women's social and financial independence through a credit wing and provides low-interest loans encouraging entrepreneurship.

WWF is characterized by a grassroots orientation, with a feminist approach based on the promotion of leadership among women workers through cost-effective, large-scale outreach. WWF's purpose is to raise awareness and promote collective action for social change and sustainable development. The

innovative organizational structure is based on group dynamics. It aims to integrate target groups of marginalized and vulnerable women at all levels in an institutional framework, using them as an effective delivery mechanism to reach other poor women. At the apex level of the structure are members of the Forum. Membership at WWF is based on the group principle. Generally 5 to 10 members, irrespective of their occupation, form a group and elect a group-leader. The group-leader is responsible for the repayment of the loan by the group and, as an incentive, she may receive a higher loan. Each member vouches for the other members and acts as “guarantor” for them. Area leaders, the link between WWF and members, are next in hierarchy. A unique feature of the organizational structure is that it paves the way for members to move up the hierarchical ladder and reach the position of Vice-President.

The information flows freely between the President and the members, and vice versa. WWF provides an organized platform, access to credit, education, healthcare, training, orientation towards promoting social and financial independence to fight poverty and gender discrimination.

The credit program of ICNW has extended credit to 410,545 entrepreneurs of approximately INR 1203 million, with a recovery rate of 98.66%. NUWW, WWF's trade union wing, supports poor women in their struggles to fight for labour, land, housing, human rights issues like female foeticide, child prostitution, etc. (Sapovadia et al. 2013).

[Kamani Tubes Workers Cooperative Society Limited \(KTLWCS\)](#)

Kamani Tubes Limited (KTL) was founded in 1960 by a private entrepreneur to manufacture copper alloy tubes. In 1985, due to management problems, the manufacturing unit went wrong and was closed down. When the owners abandoned the business, the independent workers union comprised of 600 workers approached the creditors and government to help revive KTL. The union then formed a cooperative to take over KTL. Claiming that workers could raise the share-capital from their provident fund, wage arrears and loans, the union filed petition in Supreme Court. The court asked the Board for Industrial and Financial Reconstruction (BIFR) to examine the union's proposal. Amidst legal hurdles, the Supreme Court upheld the workers' action to own the factory through a workers cooperative. The existing workers in KTL formed KTLWCS. At the behest of Court, the workers co-operative society took over KTL, after a sanction of rehabilitation scheme by BIFR in 1988, and accordingly the shares were transferred to the cooperative. In addition to the contribution of the workers, the state government granted sizeable funding.

Early on following the revival of the company, it made good progress. Production, wages and profits surged, but in next couple of years a rift started between the workers and management. The hired managers failed to satisfy the workers' demands, the workers failed as entrepreneurs, mainly because the leaders had disregarded the democratic decision-making processes. Growing financial problems and a lack of participation made workers wary of their leaders. The divide between workers and managers was reappeared and, as a result, productivity and profit fell, the workers lost interest in operations. KTL could not implement the sanctioned scheme and BIFR declared that it had failed. When all efforts exhausted, the manufacturing unit closed down and the creditors took control to sell the unit. A private

entrepreneur purchased the company in 2006. The workers were paid their dues, many of them kept their job, but KTLWCS failed to retain ownership and control of KTL.

Mumbai Tiffin Box Supplier Association (MTBSA)

The Mumbai Tiffin service originated from dabbawala (person carrying lunchbox) in 1880, was informally unionized in 1930, and registered in 1956 as Nutan Mumbai Tiffin Box Suppliers Trust. Its commercial arm MTBSA was registered in 1968. Daily, approximately 5000 dabbawalas deliver homemade food to about 200,000 customers in every corner of Mumbai. Dabbawalas collect lunchboxes from their customers' homes, carry and deliver them to the workplace. Office-goers usually leave early in morning

and return home late evening, mostly commuting from the Mumbai outskirts to the South, the main commercial area. The railway network during the peak hours is jam-packed, hence commuters cannot carry a lunchbox. Homemade hygienic lunch is preferred over expensive meals purchased outside. By delivering lunches filled with home-prepared food, dabbawalas provide a viable solution to office-goers. Depending on the location and collection time, dabbawalas charge a very small amount for the delivery.

MTBSA is a three-tier organization comprising (i) a governing council of nine directors and executives (ii) mukadams (supervisors), and (iii) dabbawalas. Under the supervision of four mukadams, dabbawalas are divided into small groups responsible for daily operations. A dedicated worker can be a member of MTBSA. The member must invest small capital of INR 5000 for a bicycle, wooden crate to carry lunchboxes, white cotton clothes and Gandhi-style cap. MTBSA regulates the activities of its members and solves their conflicts with customers or authorities. The mukadams have authority to impose reasonable fines on dabbawalas who commit repeated errors. The group is financially independent but coordinates with other groups for lunchbox deliveries. The process is competitive at the customer's end due to low fees based on cooperative efforts. All members are treated equally regardless of the work done and paid about 2000 to 4000 rupees per month.

The dabbawala picks up the lunchboxes, appropriately coded and sorted per delivery location. Although the number of daily transactions is large, each person handles a limited number of transactions. The external container that houses the lunchboxes is of standard shape and size. The containers are placed in wooden crates with the lids of the entire lot visible. Dabbawalas never lose custody of the wooden crate throughout the delivery process. The crates are loaded on a train and unloaded according to its destination, where another dabbawala collects and delivers the lunchboxes to the building of the client, who then selects the correct lunchbox with identification and brings it back after lunch. The local dabbawalas and customers know each other. Dabbawalas are generally well accustomed to the local areas they cater to, use shortcuts and other low profile routes to deliver the lunchboxes on time. Although dabbawalas are virtually illiterate, one mistake occurs in every 6,000,000 transactions (Forbes Magazine 2002). This error rate means in effect that only one tiffin is lost every other month. In fact, MTBSA is ISO-certified for its high quality work. They are recognized for their excellence in supply chain management, time management, commitment, honesty and integrity. Forbes awarded MTBSA "the 6 Sigma performance rating," for its absolute quality assurance term. The success of the operation is due to extreme certainty, predictability of operations, simple design, and low cost.

Management of Enterprise and Development of Women (MEDOW)

Titan and MYRADA set up MEDOW in 1996, with the aim to provide employment opportunities to young women. By redefining societal attitudes, MEDOW has given wings of social and economic empowerment to rural women of Karnataka. Profits are equally shared among working members with a significant amount added every year to a reserve to address the company's various needs and benefit the employees' families. Titan has its manufacturing facility in the drought-prone Krishnagiri district, which suffers from multiple social problems, low literacy, gender inequality, child labour, etc. To address these issues, Titan works with MYRADA since 1992, a non-governmental organization (NGO) facilitating women's self-help groups that fight gender inequality (Ujjwala, 2006).

Titan has extensively trained women in required skills, accounting, and documentation procedures. They are provided with worktables, tools, and introduced to the SAP system. The company has collaborated with MEDOW to create infrastructures by contributing 50% of initial investment, and has provided operational business technical training and expertise.

In 2005, Titan's jewelry division began outsourcing to MEDOW for some key activities in studded jewelry fabrication. The women were trained intensively by Titan to hone their jewelry-making skills. Starting with the single task of bracelet link assembly, the women have acquired skills to undertake 16 different tasks at multiple locations, a win-a-win situation for both workers and TITAN. The spirit of building livelihoods while doing business has enriched Titan with the satisfaction of empowering rural women to form a micro-enterprise and run it effectively. This engagement led to establishing a cost-effective, reliable and flexible skill-set for the company.

The Kerala Dinesh Beedi Workers Cooperative Society (KDB)

The Kerala Dinesh Beedi Workers Cooperative Society is a home industry comprised of workers of Kerala Dinesh Beedi, now a diversified group engaged in various modern industries. Beedi is a local homemade thin cigarette filled with tobacco flake and wrapped in Tendu leave.

KDB was formed from several unions of beedi workers with different political affiliations to bring workers together in order to overcome prevalent unemployment issues and achieve concrete developmental tasks through team spirit and worker solidarity. Kerala State government implemented Cigar and Beedi Workers Act in 1967 to support beedi workers. A prominent private firm, Mangalore Ganesh Beedi, closed down all operations in 1968, rendering 12,000 workers jobless. Due to this crisis and with government support, KDB was formed in 1969 and is the fourth largest beedi firm in India (Seetharaman et al., 1981). With the mission to uplift weaker sections of society and foreseeing a reduction in smoking habits, it launched new ventures to create employment, including coconut milk extraction, curry powder, pickle and fruit processing units. Dinesh Umbrella, a division of KDB, was started as a diversification program with operation units including Dinesh Apparels, Dinesh Software, Dinesh Foods, Dinesh Umbrella, Dinesh Beedi and Dinesh Auditorium. KDB provides full-time employment to 12,000 workers throughout its operational units of beedi rolling, food processing, umbrella assembling, garments manufacturing and information technology (Gulati et al. 2002).

KDB offers higher benefits to workers than the state law requirements, provides benefits like holiday wages, medical allowances, maternity leave, retirement, death benefits, and thrift loans. It does not employ children for labour and it provides improved workplace environments by building worksheds, water and sanitary facilities, providing for adequate space, ventilation and benches with backrests for beedi rollers.

Bulk raw-material purchase is centralized, as is the case with financial resources and marketing management. KDB coordinates and supervises primary cooperative societies. The majority of the boards of directors are made up of workers. Surplus is distributed among workers, paid out as a reward in dividends. Beedies are manufactured by all 18 primaries under one brand. Sound financial management and efficient marketing have opened the doors to real improvements in living and working conditions of its members. KDB pays INR 250 million to workers who roll 1800 million bidis annually. It has adopted a piece-rate wage system encouraging output. Centralizing certain activities has allowed to “maintain an effective balance between distribution of surplus and need for investment for future.”

Findings

The workers cooperatives under study have performed well except for a few. Worker cooperatives combine entrepreneurship, cooperative values and commitment to community. The success of a cooperative should not be measured only through profit, business enterprise and cooperative governance should also be a measure of success. Success depends upon entrepreneurship, innovation and good governance in the ambit of cooperative principles. Annex I captures the environmental crux of the study in light of the above, and the following critical factors are taken into account to determine the success of worker cooperatives.

Entrepreneurship: A workers cooperative is a business just like any other. As business enterprise, it creates value by supplying products and services to customers. To be successful, it must satisfy the needs of customers through value creation. Strategy, performance, culture, and structure are the pillars of success, built by entrepreneur leaders. Strategy should be well defined and clearly communicated. Irrespective of the management tools and techniques it uses, a strong hold of business basics is critical to success. The value it gets from customers by supplying products and services must exceed the cost involved in converting into output. In highly competitive business environments, workers cooperatives must be innovative in product design and processes.

To make an enterprise sustainable, the structure of a workers cooperative organization should be an appropriate blend of authority centralization and decentralization. The extent of centralization is irrelevant to success if organizational structure is simple without compromising on excellence: making organization easy to work; putting the best people in important tasks; carefully selecting the managerial workforce, delegating power and creating appropriate control to assist with planned operations (Whyte et al. 1991); promoting cooperation and exchange of information across the organization; and establishing a seamless system for knowledge sharing.

Lijjat has successfully delegated authority for managing local affairs at branch level while purchase and finance are centralized. Branches are accountable for local marketing. GFCSL has delegated authority

to decide crop pattern at group level and, accordingly, small land is handed over to groups. Marketing of farm produces is centralized to achieve economy of scale. SEWA has decentralized its activities at group level, while ULCCCH has centralized work procurement while groups are headed by a director, who also manages project implementation. WWF has successfully created a credit-lending group, all group members are reciprocal guarantors, and group leaders are given incentives for proper recovery. Technology is important, but seamless implementing is vital.

Workers cooperatives can be registered under diverse statutes, each of them determining the power, scope, obligations, limitations and procedures to be followed by the organization. Able leaders succeed irrespective of statute under which it is registered.

Circumstantial evolution of a workers cooperative is important. An organization comes with a purpose as a result of several environmental forces. If people unite because of compelling circumstances, the cooperative gets a boost to succeed. Cooperatives are formed for mutual socio-economic benefits. If the members perceive such benefits, chances of success will be higher. Entrepreneurship augments business strength based on its evolution. The cooperatives under study emerged due to socio-economic needs, primarily to provide employment or capacity development. Rather than profit, providing salary, wages and livelihood to workers are a prime objective. Entrepreneurial leaders incorporate social values in organizational culture.

At the time of inception, entrepreneurial leadership is vital. Strong local leadership may provide a robust foundation to a cooperative. Cooperatives attach importance and adhere to cooperation and institutional values that distinguish them from other profit-oriented enterprises. Successful cooperative leaders are visionaries, entrepreneurs and good human beings (Sapovadia, 2004). In conventional wisdom, what works best shifts in time. Success of Lijjat is based on leadership with strong humanity and entrepreneurship. The role of the cooperative leader is not only to ensure economic goals, but also to meet underlying cooperative values and principles. The success of MTBSA is based on having instilled cooperation into business operations and strong local knowledge. The leader knows the local business environment and the people around it, one can lead the group if he is one among them. The success of GFCSL, ULCCCH, KDB and ICH is based on strong local entrepreneurial leadership. Leaders who create an environment of trust and fraternity among the member can provide strong cooperative culture. Successful leaders are a perfect blend of cooperator and entrepreneur. Their capacity to undertake business risk within given resources is critical to create and maintain trust of stakeholders.

A cooperative is an organization for, by and of the people. Workers cooperatives are born as a result of local demand. Local support is sine-qua-non for these cooperatives to succeed. Entrepreneurial leaders understand local needs and meet those by appropriate blending them in the cooperative's operations. Ability to manage resources effectively is a necessary condition for success. Entrepreneurship uses resources optimally to make a business viable.

Sustainability of cooperative organizations depends on homogeneous members and mutuality of interest. Members have similar socio-economic status leading to a better understanding. True leaders keep members united and ensure member homogeneity. The essence of a cooperative is to give and take cooperation. This kind of mutuality is possible when there is a feeling of fraternity and equality

amongst members. These values bring harmonious and peaceful relations. Successful leaders keep their workers as a fraternity to create synergy for mutual benefits. The economic importance of a cooperative in members' lives is enormous. The higher the economic return is, the higher member involvement and commitment will be towards the cooperative. Cooperatives are considered to lead to increased productivity, worker satisfaction, better job quality, and greater control of local economy (Dickestein, 1991). True cooperative spirit lies in member centrality, i.e. keeping members in the center while taking strategic decisions.

Mutuality of members and institutional goals leads to success. A common enthusiasm, devotion, sense of unity, common interests and responsibilities among a workers cooperative are critical for smooth functioning and success. The leader at the helm succeeds if the spirit of the cooperative is maintained throughout, as esprit de corps is the basis of strength. Member involvement in a workers cooperative is indispensable, and involvement comes from commitment. It remains persistent if economic benefit is high, while high frequency of transactions leads to more involvement of the members. The entrepreneurial leader ensures more transactions of workers with the cooperative.

To establish a strong cooperative requires a democratic governance system, appropriate organization structure, transparency and accountability. The leader must be able to build esprit-de-corps and fraternity amongst members and promote member centrality. Success of SEWA is based on creating environment of fraternity. A good leader is open-minded, a quick learner and expert in numbers and he maintains economic interest in the society and its members. Workers cooperatives are social entities, and therefore leaders must have good rapport with the government and society. The leaders who possessed creativity, credibility, and good communication have established strong cooperatives.

Governance is a system of defining role and responsibilities of stakeholders so as to achieve the objectives of the organization. Workers cooperatives are organizations of their kind: confluence of enterprise and cooperation. Workers who govern are owners and those who are governed are workers. Cooperative governance includes a board selection process, board composition, compensation, responsibilities, reporting and evaluation, member and stakeholder relations. Better the governance, better the stability and success. The quality of governance therefore ensures the survival and growth of a cooperative. A cooperative is difficult to sustain unless it develops a culture of accountability across the value chain. In competitive environments, only the fittest survive. Equally, a cooperative must be the fittest to succeed. Those who exercise good governance practices have a greater chance of success.

Workers cooperatives as business entities are democratic institutions with a difference. In other types of business entities, quantum of equity determines a member's power to vote. This is not true in worker cooperatives, where each members get only one vote. If a workers cooperative is governed by democratic process, giving due importance to all workers, they will elect competent and honest board members, and the chances of success of the cooperative will be higher (Bellas, 1972).

The decisions made by an organization turn its ideas into action and determine the fate of the cooperative. A good decision tree has stems and roots in shareholders who vigilantly select competent directors from its inception. Directors need continuous training in their duty as entrepreneurs, trustees, managers and cooperators. They must instill cooperative values and business skills. A decision-making authority near front line employees can make them react quickly to changing market conditions.

Successful entrepreneurs are adaptive, dynamic and vibrant. To be sustainable, workers cooperatives need to understand and absorb changes that are happening in their environment (Nicholas et al. 2010). To remain sustainable, leaders must then constantly change products and business processes through innovation in a viable way.

Innovation: To be sustainable, an organization requires constant changes in product and processes. In competitive and changing environments, customers demand new products and approaches. The success of new generation cooperatives is due to the satisfaction of current consumer demands (Carlberg, 2006). Innovation helps to discover what existing or likely emerging opportunities. Successful businesses respond to their customers or organizational needs, anticipate future trends and develop ideas, products or services to effectively meet demand. Innovation helps to stay ahead of competition as markets, technologies or trends shift continuously, but should focus on existing business processes and practices to improve efficiency, find new customers, cut down waste, and increase profits. Constantly innovating and improving business practices help to attract and retain workers.

Affordable pricing is important to address the needs of small but numerous consumers. Responsive cooperatives launch innovative products by anticipating consumer mindset, persistently pursuing technologies to develop products to enhance operating processes. They constantly strive to eliminate all forms of excess and waste to improve productivity.

The existence of any organization is based on the product it made to serve its customers. A selection of products gives an edge over competitors. Yet the main asset of a workers cooperative is human capital. A cooperative should then select its products based on workers' expertise. Lijjat's papad offers a variety of daily, low priced consumables. KDB has expanded its umbrella by introducing modern industries like software. ULCCH has purchased modern machinery to construct bridges and high-rise buildings. ICH has lost its shining by serving traditional products. MTBSA uses cost effective approaches by choosing local train routes, using bicycles and coding systems.

Businesses operate on profit margins. There is an economic justification for worker cooperatives to exist even if they cannot make a profit so long as they benefit economically to their workers in the form of salaries. Within a prevailing business environment, a worker cooperative holds an advantage with lower product prices in comparison with its competitors, and adjustable salaries and benefits to workers in comparison with workers in traditional businesses.

Annex-I Environmental Analysis of Workers Cooperatives

No.	Basics	Strengths	Limitations	Weaknesses
1	ULCCS, registered under The Cooperative Societies Act, employs 750 construction workers engaged in Construction	<ul style="list-style-type: none"> Owns precious assets like farms, mines, modern machinery Extraordinary skills in construction Local business expertise Mutual trust and help Collective leadership/decisions 	<p>Model cannot be replicated</p> <p>Relies heavily on government</p> <p>Limited dividend can be distributed under the law</p>	<p>Private contractors</p> <p>Professional, technicians managing competing firms</p> <p>Change in government</p>
2	SEWA, registered under the Indian Trade Unions Act, includes 1,300,000 self-employed women who runs individual small businesses	<ul style="list-style-type: none"> True representative of members Elected through democratic process Governance structures Dedicated social workers 	<p>Heterogeneous trade, members</p> <p>Traditional technology</p>	<p>Competition with local trade</p> <p>Change in government policy</p>
3	The Indian Coffee House, registered under Cooperative Societies Act, employ 466 workers, engaged in restaurant and trade	<ul style="list-style-type: none"> Prime locations in cities Expertise in procuring coffee 	<p>Viable in big cities</p> <p>Rising prices of land</p> <p>Traditional system</p>	<p>Change of food habits in new generation</p> <p>Competing with modern restaurants</p>
4	GCFSL, registered under Cooperative Societies Act, 291 farmers of Gambhira, nearby villages are members engaged in farming	<ul style="list-style-type: none"> Local visionary leadership, Attachment to local people and their needs Market proximity 	<p>Farming depends on rain, climate</p>	<p>Processing of farm products requires huge investment</p> <p>Limited storage capacity</p>
5	Lijjat Papad, registered under Societies Registration Act 1860. Approximately 43,000 women work in food manufacturing, households	<ul style="list-style-type: none"> Decentralized manufacturing Strong manufacturing, marketing network Flexible timings Low investment 	<p>Society Registration Act prohibits distribution of dividend</p> <p>Relying on central office for raw material</p>	<p>Readymade food Producers using high tech machinery Changing food habits</p>
6	WWF, registered under Multi State Cooperative Act. 50,000 plus working woman are	<ul style="list-style-type: none"> Dedicated credit wing Combining economic activities with social issues Innovative governance 	<p>Heterogeneous members</p>	<p>New micro finance institutes</p>



	members, Individual businesses	structure, credit system, recovery system		
7	KTLWCS, registered under Cooperative Societies Act, employed 400 workers engaged in steel tubes manufacturing	<ul style="list-style-type: none"> • Financial institute & court support • Feeling of fraternity among workers • Operational capacity 	Union lacks strategic, managerial skills	Company was taken over in 2006 by private entrepreneurs
8	MEDOW, registered under The Companies Act 1956, employs 275 rural women willing to work in industry engaged in assembling & finishing of parts for parent organization	<ul style="list-style-type: none"> • Support from TITAN • Assured market 	Private company cannot have more than 50 members Workers inability to manage operations independently Relying on sole support from TITAN	Viability of MEDOW in long run may be affected if manual work replaced by automation
9	Mumbai Dabbawala, registered under Bombay Public Trust Act, employs 5000 workers as Tiffin suppliers, delivering to offices	<ul style="list-style-type: none"> • Cheap local train network • Local knowledge of workers • Low investment • Linear city 	Cannot be replicated in other cities, Law prohibits dividend distribution	Changing eating habits of new generation
10	KDB Workers Central Co-op Society registered under Cooperative Societies Act. Employs 12000 workers engaged in beedi production, other products	<ul style="list-style-type: none"> • Market Conditions • Sponsored by government • Strong diversification • Good relationships among management, with regulatory authorities 	Tobacco causes health problems in workers Primaries depend on central society for raw material, finance & marketing	Awareness about cancer-causing tobacco, Modern cigar manufacturing technology

Notes

¹ **Dr. Vrajlal Sapovadia**, Dean, School of Business & Entrepreneurship, American University of Nigeria
Yola, Nigeria

American University of Nigeria,
98 Lamido Zubairu Way,
Yola Township bypass, PMB 2250,
Yola, Adamawa State, Nigeria
#234-805-824-3562
vrajlal.sapovadia@aun.edu.ng

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Scientific committee

Marie-Claude Beaudin, Guy-Bernier Chair on Cooperation, ESG-UQAM (Coordinator)
Pascale Château Terrisse, Maître de conférences, Université Paris-Est, IRG
Pénélope Codello, Professor, HEC Montréal
Fabienne Fecher, Professor, Université de Liège
Sylvie Guerrero, Professor, ESG-UQAM (President)
William Sabadie, Professor, Université Jean Moulin Lyon 3
Claudia Sanchez Bajo, IUSS Pavia University

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