

The Big Co-op Census

Research report

Co-operatives UK
Spring 2017

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Executive summary

The Big Co-op Census is the first large-scale survey of co-operatives of this type known in the UK. As part of the two year National Co-operative Development Strategy (NCDS) being undertaken by Co-operatives UK (CUK), the census was designed with following aims:

- To assess the current state of the sector in relation to development needs
- To gain greater insight of, and engagement with, those co-operatives with whom CUK has had little prior relationship, in order to extend the validity and reach of sector intelligence
- To inform the NCDS process and ensure the strategy is evidence-based and representative of the diverse co-operative sector

In meeting this aims, the census has contributed substantial developments in both the means of engagement and practicable matters in how CUK may approach sectoral development.

Key outcomes include data cleansing and the accumulation of enhanced and new intelligence of the sector; a greater understanding of the direct challenges faced by co-operatives on the ground; and where further collaboration and insight may mitigate knowledge gaps to enable a strategy to effectively serves CUK members and the wider sector.

Acknowledgements

Recognition and thanks are given for the oversight and breadth of knowledge provided by the strategic working group, which has been invaluable in setting the tone, aims and alignment of the census with the wider strategy.

The work of the communications teams both within Co-operatives UK and its Federal and partner members is also acknowledged, without which the census would have not had nearly the penetration it achieved. For many organisations this work was conducted by individuals for whom this is not their only role, yet their full support was instrumental to success. This was a great example of co-operation between co-operatives and collaborative learning.

Finally, to all the co-operatives that responded to the census in order for their collective voices to be heard and to inform the future strategy and agenda for Co-operatives UK and partners. Many of the organisations work tirelessly with relatively little funding and limited resources for the benefit of their members, and the level of engagement and detail provided in their responses will support CUK to do the same.

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Introduction

The Big Co-op Census was completed over the course of 2016 as part of the two-year National Co-operative Development Strategy.

The first survey into co-operatives at this scale in the UK, the census aimed to gather intelligence on a scope and scale greater than previously attempted, in particular the questions were focused on development needs and future aspirations within the sector.

Research question(s):

1. What are the key challenges and enablers faced by co-operatives at this moment in time in the UK?
2. What are the current and projected development needs of co-operatives in the UK in order to safeguard the stability and growth of the movement?

Research method and summary of respondents

In addition to the primary research questions, a methodological challenge of engaging organisations that were previously unknown or uncontacted by Co-operatives UK was set.

Methodology

Research design took place in-house. The online-administered questionnaire survey method was deemed the most effective tool for answering the research questions, given the scale and scope of the research. The target population was the UK co-operative economy as a whole. The open nature of the survey meant that any organisation that self-identified as a co-operative was able to participate¹. Responses were sought from organisations, rather than individuals. This presented some methodological challenges in terms of communicating the need for a coherent organisational response, particularly for larger co-operatives, however this was managed through clear lines of communication and support for survey completion.

No formal stratified or random sampling was conducted, owing to the impracticalities of the available sampling frame and prioritisation of response rate over statistical randomisation. However, there was effectively and intentionally some sectoral sampling owing to use of Federal bodies in contacting co-operatives to take part.

The survey questions were collaboratively written by Co-operatives UK and Research by Design (RbD), a market research agency specialising in membership associations. The overall focus and survey design was generated by Co-operatives UK, with the oversight of the Strategic Reference Panel. RbD then reviewed and made recommendations on the basis of accessibility, purpose and structure.

¹ When merged with data in Salesforce it emerged that 90% (n=449) of respondents were defined as 'Co-operatives' known to Co-operatives UK, 3% (n=17) were known 'Mutuals', and <1% (n=2) were defined as 'Other'. Of the total respondents, 6% (n=30) were either unknown to Co-operatives UK or not previously classified.

The survey was constructed in-house which allowed for integration with existing datasets and data management tools to ensure all survey data were secure and linked to existing intelligence on individual co-operatives. The survey was open from 13th June until 31st October 2016, a deliberately sustained time period in order to gain momentum and reflect the changing patterns of peak holiday and business demands for the wide variety of co-operative sectors, i.e. agricultural co-operatives are more stretched during the summer months, retail co-operatives in the run up to Christmas. Achieving the highest possible response rate was prioritised over speed.

The survey consisted of 44 questions, over 11 (web)pages. This may appear lengthy, however for any given respondent there would have been sections that were not relevant (based on size or type of co-operative) and the survey was therefore designed to skip questions that did not apply, making the questions visible for completion much less onerous than it would appear. Respondents were able to save and return to the questionnaire, however it is not known whether, or to what extent, the apparent length of the survey deterred respondents.

The survey was administered online via the Co-operatives UK website, and promoted using Twitter, Facebook and ad hoc communications by staff. Direct email campaigns formed the majority of the communications output. In addition, CUK Federal members were actively pursued with tailored messaging in order to boost responses, specifically as these are organisations known to be co-operatives that CUK has not had much previous intelligence around. Phone calls were planned but for a number of reasons were not implemented.

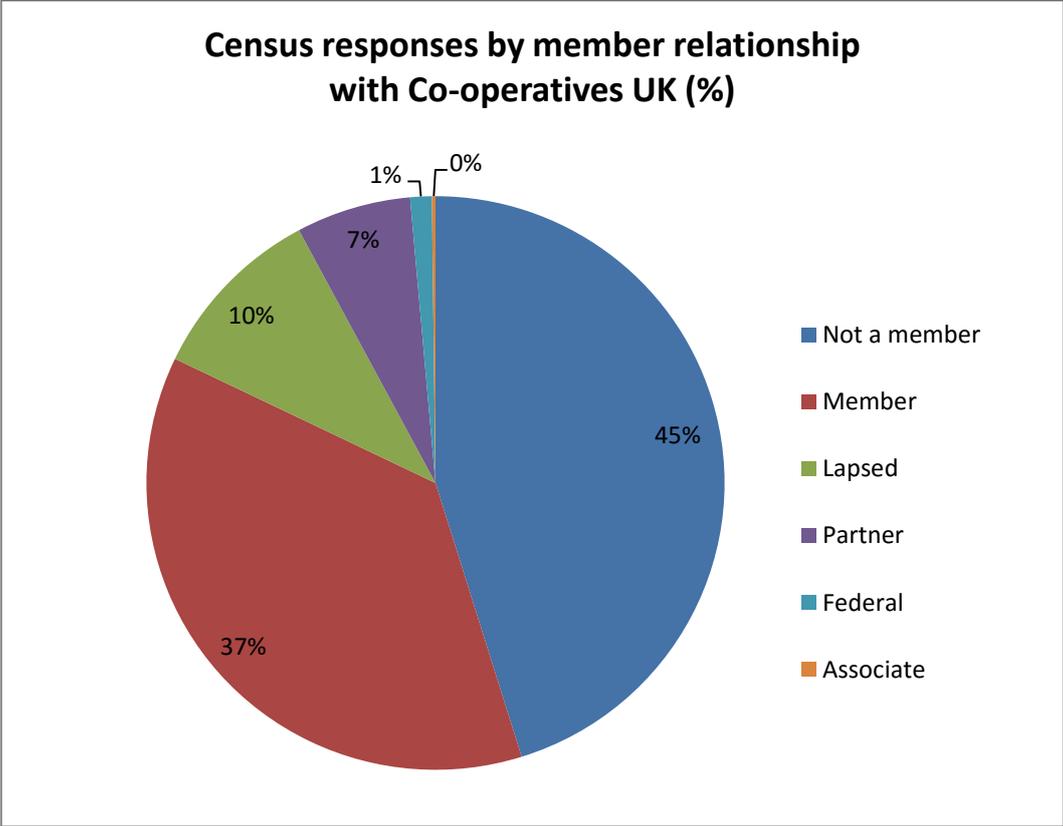
Summary of respondents

More than 550 responses to the census were received, representing around 8% of the total co-operative economy (n=6,797, based on 2016 data). These were cleansed and collated in order to remove duplicate or incomplete responses. This left 498 individual, validated responses. There were around 80 questions in the census, yet despite this the dropout rate was less than 9% and very few surveys were left unfinished.

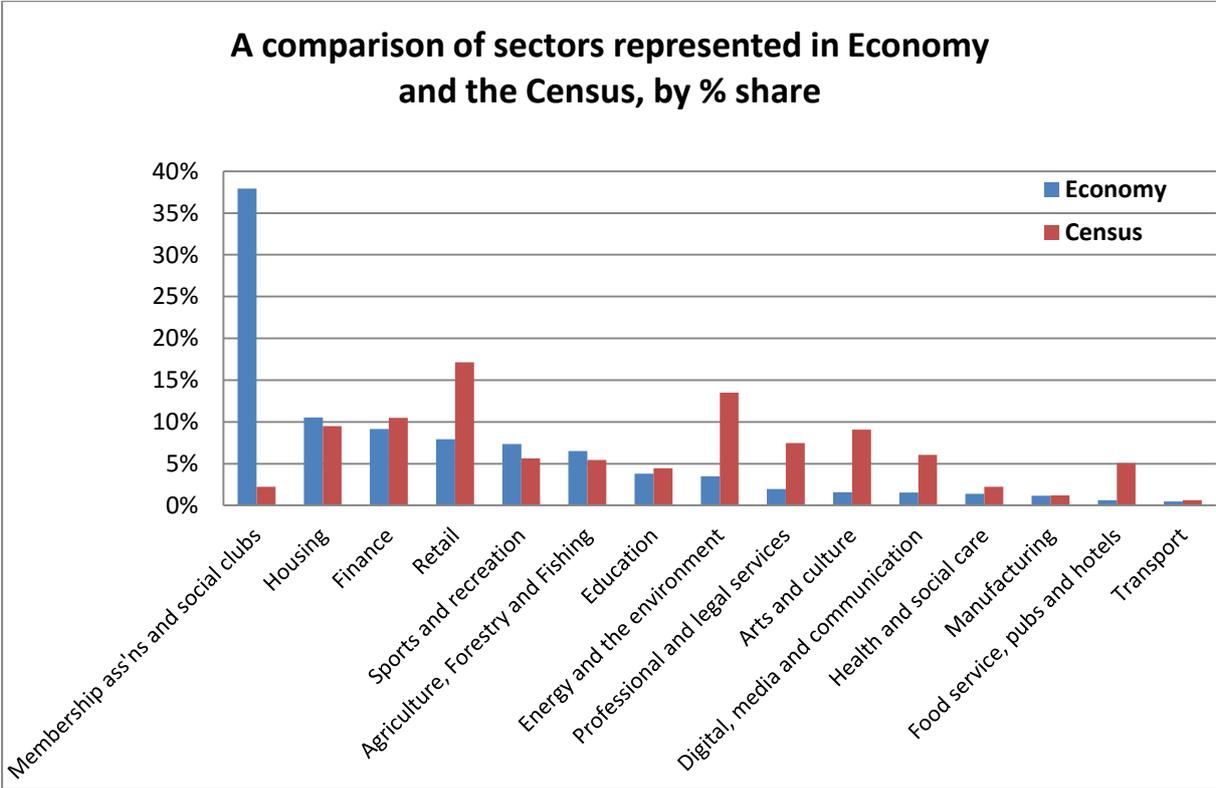
The original response target was set at 10%, a realistic response rate for an online survey of this type and length. Obviously the greater the number of responses the better, however in the multiple trade-offs between expense, survey length, resources available, and garnering a representative, statistically significant response rate, this was a satisfactory outcome.

Of the respondents, 55% (n=275) were non-members, with 225 (45% of total responses) non-members who had never previously been in membership. More responses came from those who had previously had little or no contact with Co-operatives UK than from any other grouping. This was a success in terms of the stated research aim of extending the reach of the CUK intelligence base.

At the other end of the spectrum, 45% of responses (n=223) came from member organisations, in turn representing around one third of all members. A breakdown of member relationships for all responses is provided below:



Regarding sectors, the responses broadly reflected the co-operative economy as a whole, the prevalence of Retail for example. Fewer responses from smaller sectors such as Manufacturing, Transport and Health & Social Care compared to a greater number of responses from larger sectors such as Housing, Finance and Agriculture are consistent with wider trends in the Co-operative Economy:



However, some response rates are incongruous with overall trends. Membership associations and social clubs were notably under represented, while a proportionally over representative number of responses may be observed for Retail, Energy, Professional and legal services, Arts and Culture, and Digital, media and communication sectors.

The trends can be explained by both Federal engagement and methodological design, as outlined in the following example. The category for Membership associations and social clubs is the largest by some margin in terms of number in Economy, and one of the most varied. The category includes all social clubs (working men’s clubs, social clubs, Labour/Conservative clubs, Royal British Legion Clubs etc.), allotment societies, community associations, and football supporters associations (excluding fan-owned clubs). According to 2016 Economy data, this category accounts for 36% (n=2,420) of all co-operative organisations in the UK.

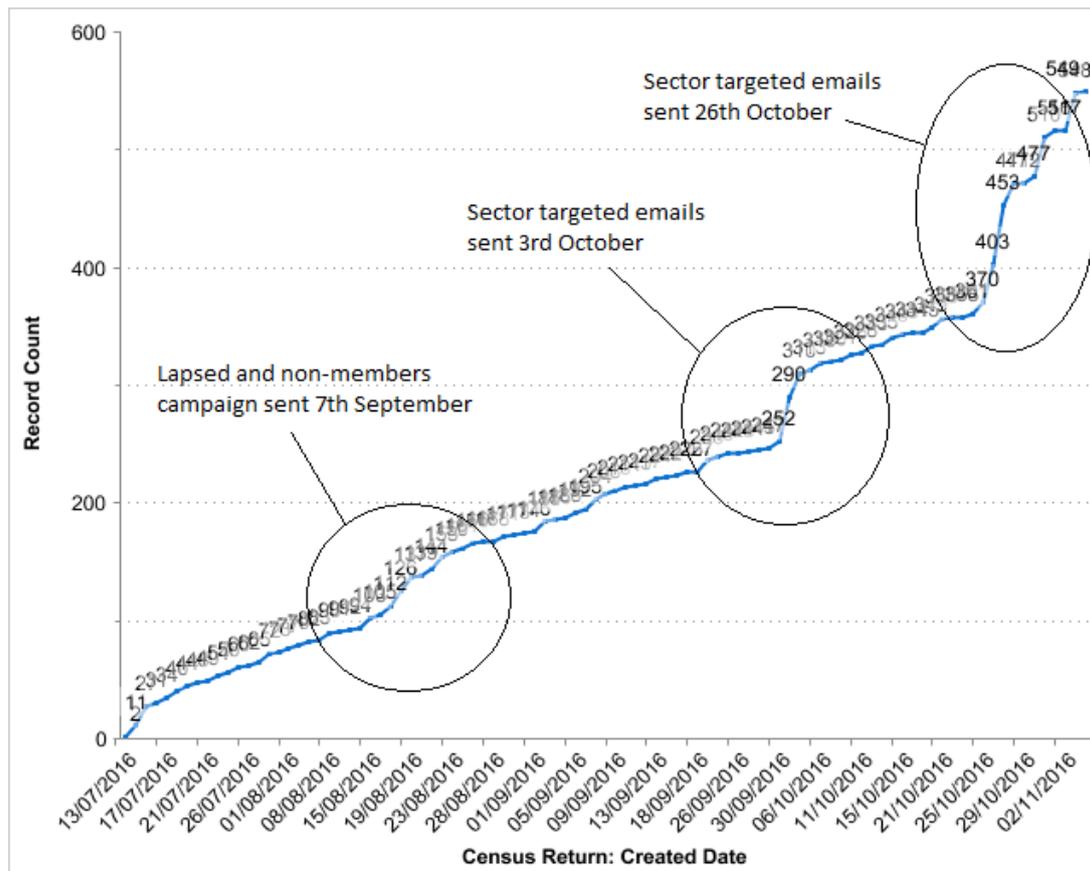
A probable contributing factor is the relatively low-tech set up and reliance on volunteers in the day to day administration of social clubs: for many there was not an email address available or the address was invalid or not often used. Corroboration of this comes in the form of the relative over-representation of those operating in the Digital, media and communications sector where co-operatives are better placed to engage with the forms of social media promotion CUK were focused on.

In hindsight, a greater representation of this category may have been achieved by distributing a paper survey with postage costs covered, or a telephone interview to administer the survey; both of course would come with moderate cost and resource requirements. In addition, this serves to further highlight the importance of Federal bodies played in promoting the Census.

Where there was a high level of engagement from Federals in terms of emailing their contacts, retweeting Census links etc. we saw a marked increase in the representation of related organisations. Country Markets provide the clearest example of this, providing around 8% (n=39) of responses. This provides a clear insight into the needs of this subsector, at the Federal, regional and market levels, that CUK has never had access to before.

Achieving a proportionally representative sample in a survey of this type is perhaps unrealistic, however the range in sectoral responses is promising, and the above inconsistencies are worthy of note and offer opportunities for improving our member and non-member communications.

It is also clear from Campaign Monitor data that there were 'jumps' in responses following targeted and shared branding email campaigns from the CUK communications team (see chart below). For example referring directly to 'Farmer-run Co-operatives' as opposed to the more frequently used 'agricultural co-operatives' within CUK, based on feedback from The Scottish Agricultural Organisations Society (SAOS) regarding the way their member organisations view themselves.



In summary

The number and breadth of responding co-operatives forms a strong foundation for analysis of co-operative development needs, meeting the stated methodological aims of this research. However, the inevitable self-selection bias in responses must be borne in mind when outcomes and recommendations are drawn from the respondent sample. There are some key points of learning for undertaking any future research of a similar scale. Namely:

- Further varying and/or tailoring the means of survey promotion and completion to specific sub-groups;
- supplementing email and social media campaigns with telephone calls, events promotions and other streams;
- And the importance of working closely with Federal bodies, in order to ensure the unique developmental requirements of sub-sectors is heard.

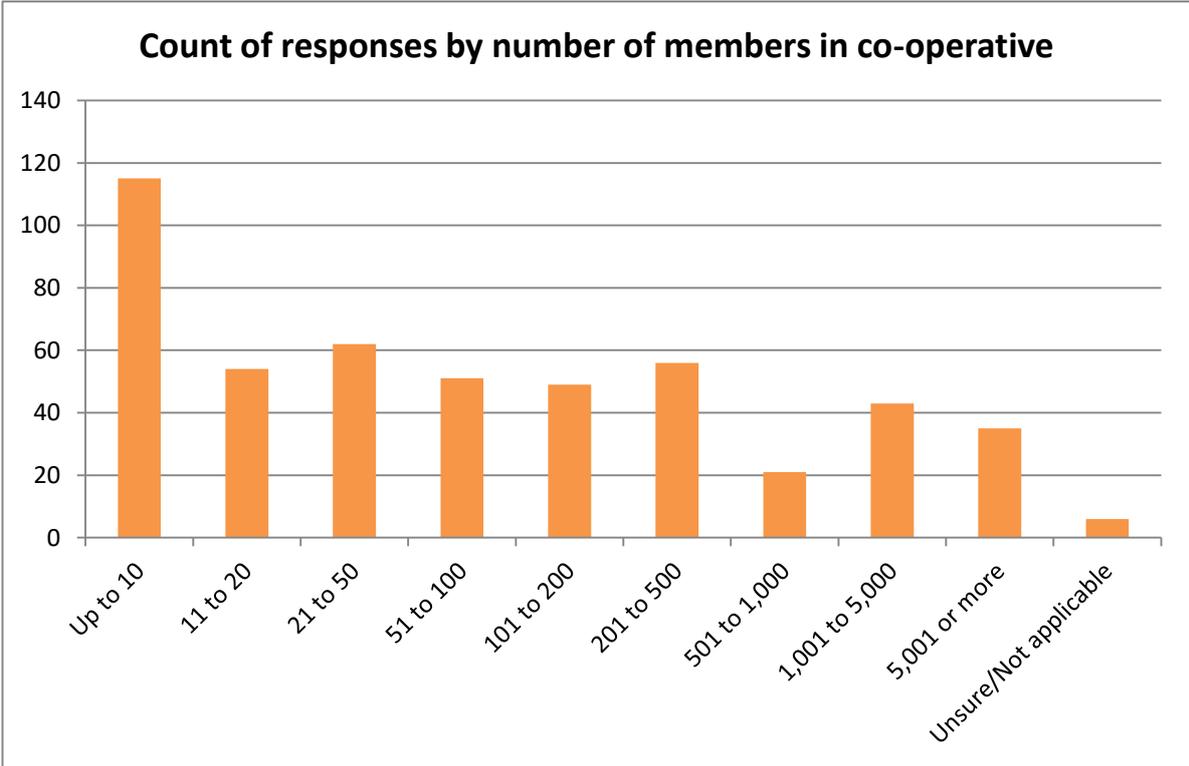
Overview of key findings

The following summary is extensive and covers all census questions in varying levels of detail. The emphasis of both the census and analysis has been on development needs and how this may inform strategic responses.

Membership

Given the annual member survey, which meets most of the member intelligence needs of Co-operatives UK, questions regarding membership in the census were focused on development, investigating the needs of co-operative sub-groups, and filling potential knowledge gaps.

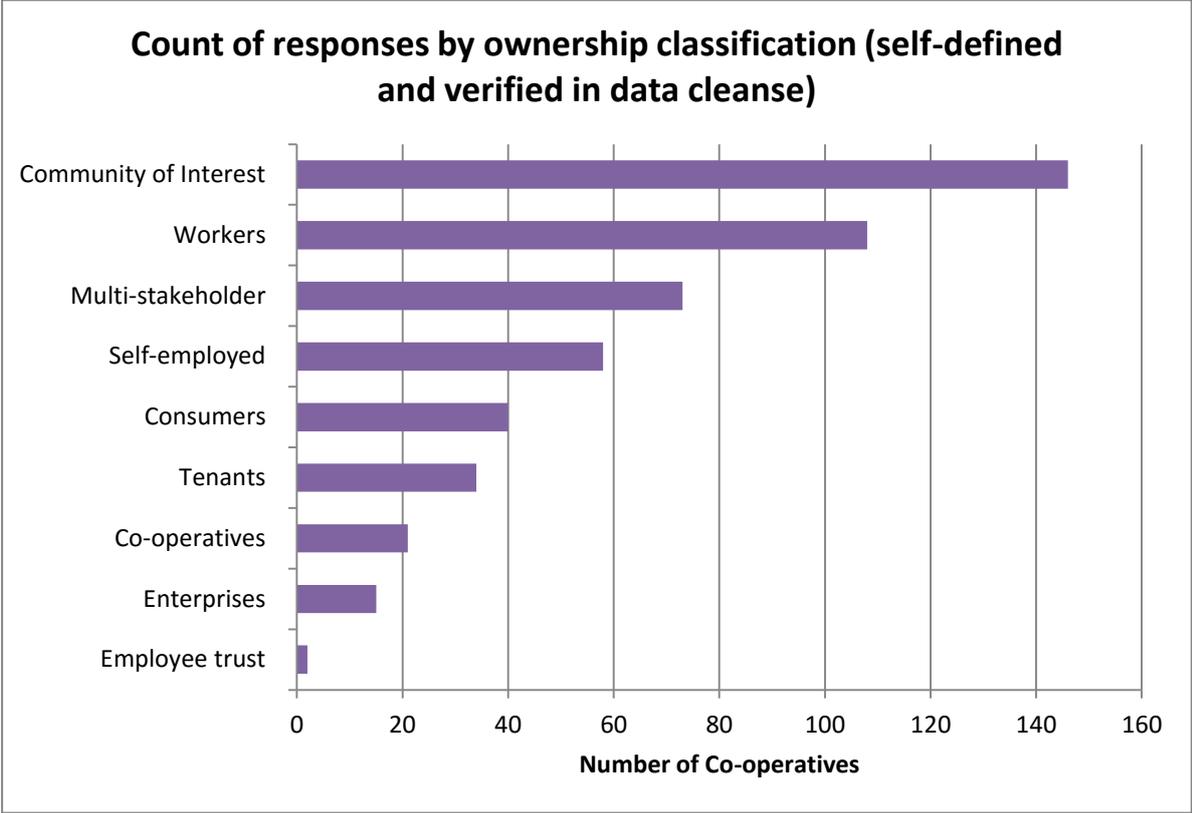
Regarding number of members the modal response was ‘Up to 10’, demonstrating the prevalence of small co-operative organisations both within the responses to this survey and the wider sector.



Co-operatives were asked to select their ownership classification (i.e. who the members of the co-operative are). This was then verified, matched and merged with data from Salesforce; integrating Census data with ongoing data cleanse work.

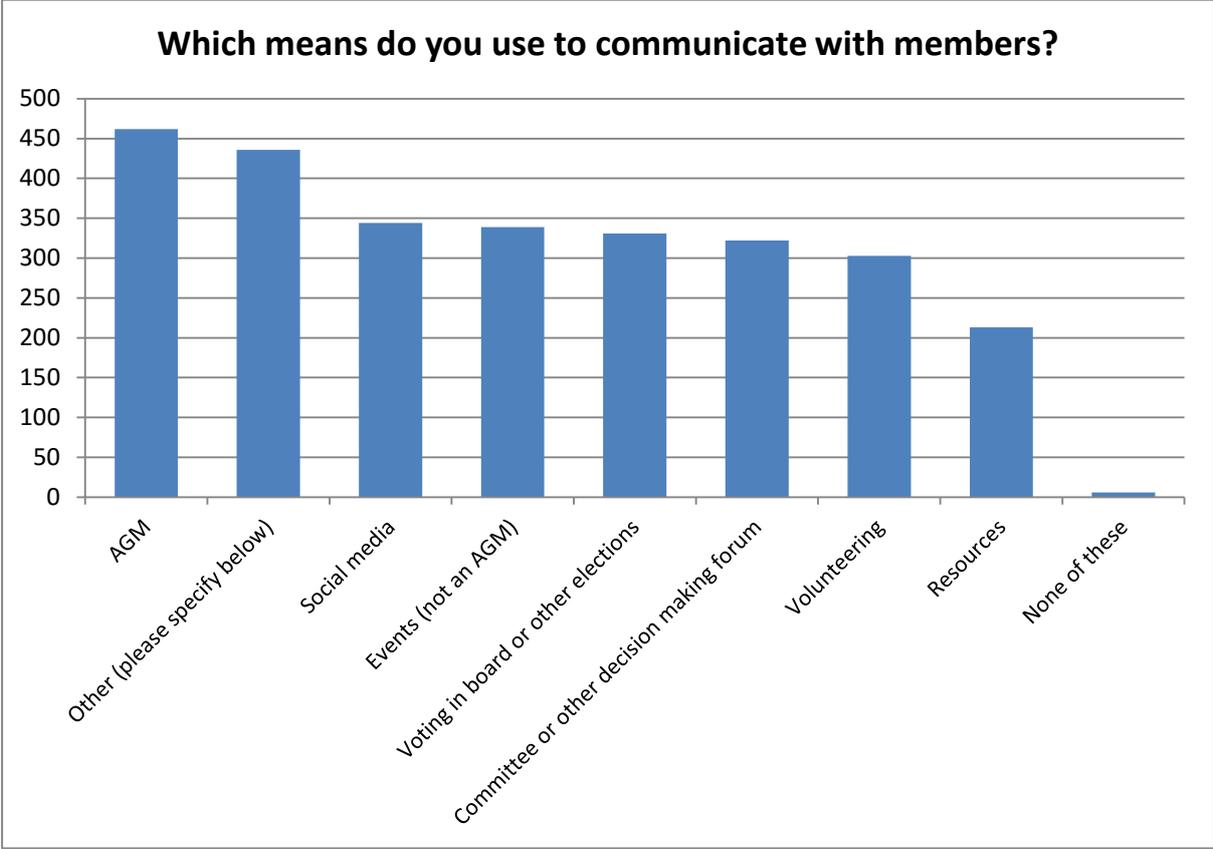
As would be expected, smaller co-operatives (defined as those with up to 50 members) were predominantly owned by worker or self-employed members; medium sized co-operatives (defined as 50 to c.1000 members) featured many of the tenant and multi-stakeholder member owned co-operatives, and the largest co-operatives by membership (1000+) were consumer (retail) and community of interest ownership.

The chart below shows the breakdowns by ownership classification:



Comparison with the wider co-operative economy in detail is of limited value in this instance as the ownership classification field has been recently developed. However, it is worth noting that worker owned co-operatives and community owned co-operatives are proportionally over represented and consumer owned co-operatives are particularly under represented, perhaps demonstrative of varying levels of engagement such organisations have with Co-operatives UK. The latter may be explained by the high numbers of social clubs and institutes in the sector (which are all defined as consumer owned) and relatively low response rate from this subset.

Co-operatives were also asked to list all the means they employ to communicate with their members, by selecting all methods that apply.



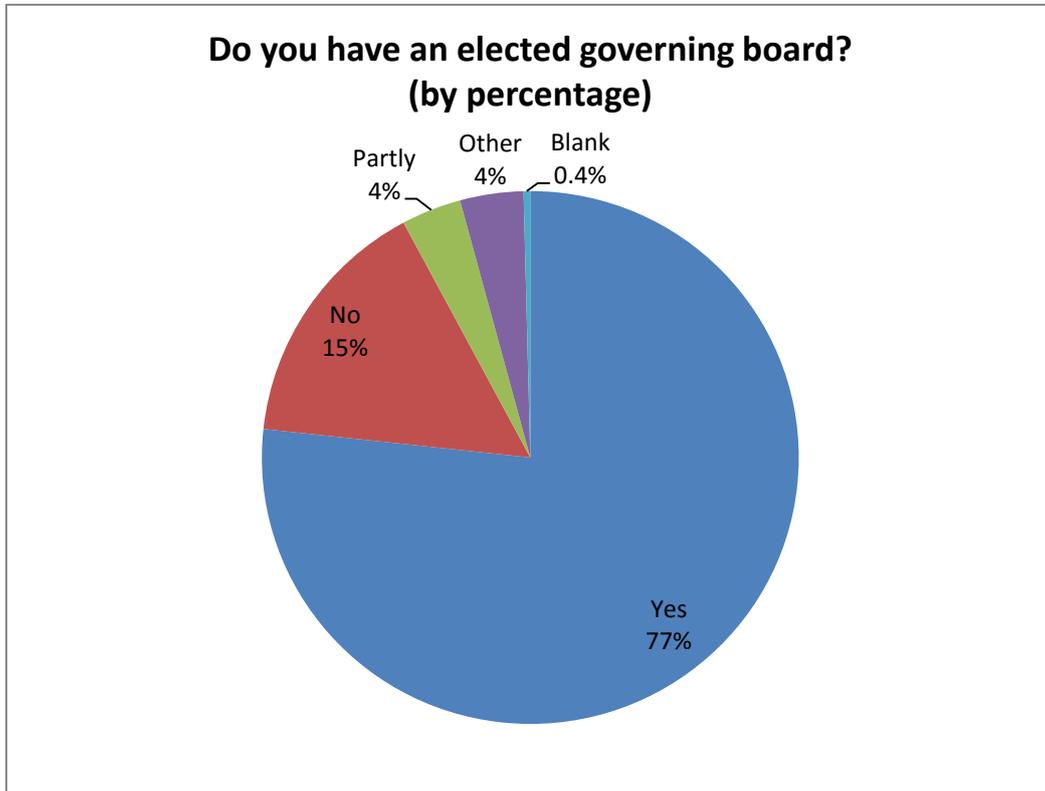
The AGM was the most frequently cited method, perhaps unsurprising given the traditional democratic structure of co-operatives. This is a more ‘one way’ means of communication than social media, events or decision-making forums, for example.

The number of responses defined as ‘other’ (n=436) and the number of co-operatives selecting more than one channels of communication (n=468, 94%) demonstrate a high level of diversity and creativity in how participating co-operatives interact. The responses ranged from digital methods such as via Dropbox, shared documents and other web-based platforms, to weekly meetings and daily communications by those who live together in housing co-operatives or work in close proximity with all members.

Greater insight into the use and engagement of co-operatives with these forms of engagement in member-owned organisations could be invaluable to ensuring member communications adequately reflect the changing means of serving the democratic principles of co-operatives.

Governance

80% (n=400) of all respondents reported having a fully (n=382) or partly (n=18) elected board. This majority held true regardless of charity status, ownership classification or number of members.



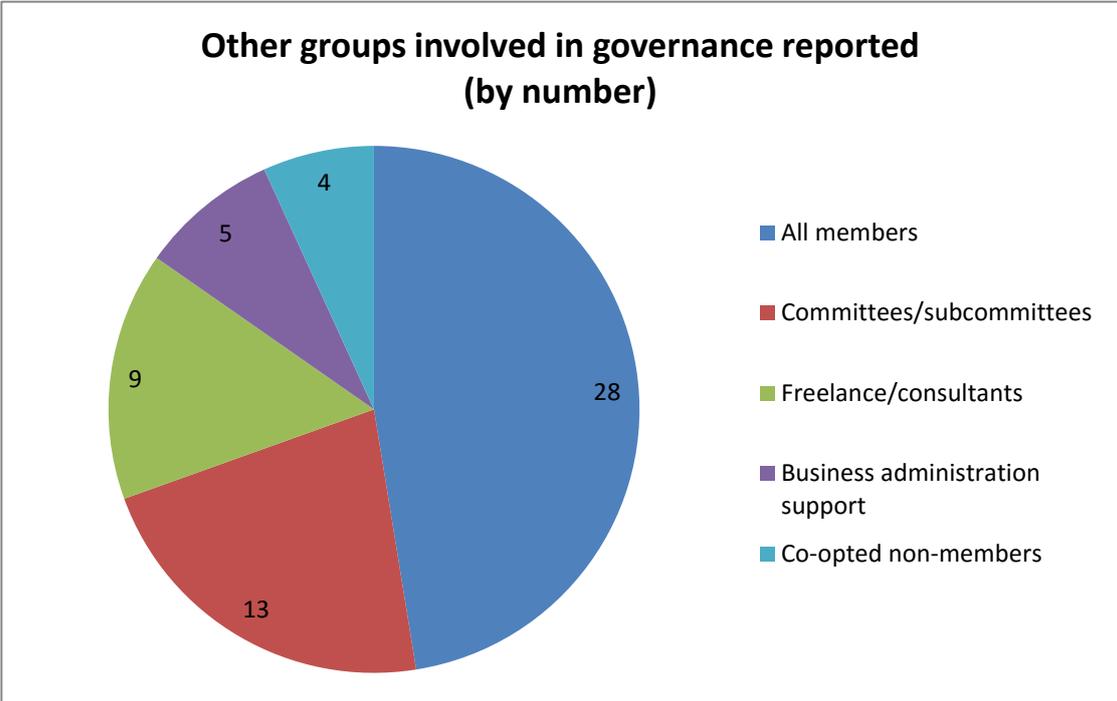
Of those that responded 'no' regarding having an elected governing board, 88% (n=68) were organisations with fewer than 50 members, many of which were worker owned co-operatives where all members were effectively directors of the co-operative, or tenant co-operatives operating a fully inclusive and collective decision-making process thereby negating the need for board elections. There were five co-operatives with greater than 200 members that reported operating without a democratically elected board.

	No. of Elected Managers	No. of Appointed Managers	No. of Directors
Min	0	1	0
Max	20	100	35
Average	6.1	6.2	6.3

Interestingly, while the range of managers and directors was large (1-100), the average (mean) showed remarkably consistency throughout the categories (6.1, 6.2, 6.3), demonstrating relative uniformity. For larger businesses, predominantly in the finance sector, the oft-cited best practice guidance in the Walker Report states that the ‘ideal’ board size is between 10-12 members². A survey conducted into board governance in the third sector found that around a third of boards were made up of 9-11 members, and one fifth of respondents reported a board of 6-8 members³.

Respondents were also asked to report if there were any other groups involved in the day to day governance of their co-operative. A breakdown of ‘Other’ responses where more detail was provided is below:

The responses were coded and categorised. Of the responses (n=59), the majority cited ‘all members’, whether tenants, workers or general members. The next most frequently cited governance group was committees and/or subcommittees made up of members. Finally, three categories of non-member governance groups were cited: freelancers; administrators; and other co-opted non-members.



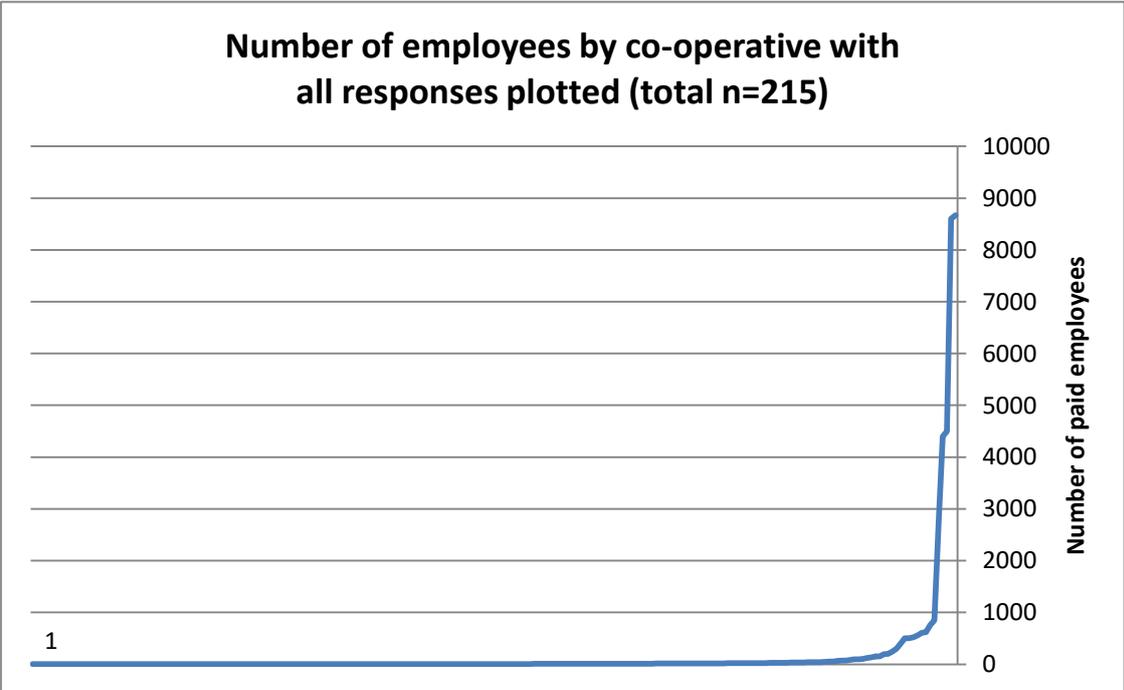
² The Walker review secretariat (2009), *A review of corporate governance in UK banks and other financial industry entities, Final recommendations*

³ ACOSVO (no date) *Boards, Governance and Leadership of the Third Sector* <https://www.acosvo.org.uk/sites/default/files/Boards_Governance_and_Leadership_of_the_ThirdSector.pdf>

Inevitably, recommendations for 'ideal' board size depends on a multitude of factors such as size of business and geographical spread and the above finding speaks only to the number of elected and appointed managers and directors, and not to the skills, diversity and quality represented. However the consistency and central tendency towards a board size of just over six warrants further investigation. Why is this favoured? Does this set up particularly lend itself to co-operative decision-making? Further, qualitative research could lead to a better informed set of co-operative-specific best practice guidelines based on this initial evidence.

Employees, volunteers and training

Co-operatives were asked to report the number of paid employees they had, where applicable. This included full or part time employees of the co-operative by number (headcount), rather than full-time equivalent. The range of employee numbers was 1–8,673 and the average number of employees reported was 173; however this belies a strong negative skew. The majority of respondents (63%, n=136) had up to ten employees representing a long 'tail' of smaller co-operatives, a smaller number of co-operatives had 11-1,000 employees (n=79), and fewer still numbers of co-operatives reported having more than 1,000 employees (n=5).



This is a smaller figure for employees than may be seen in the Co-operative Economy reports, where the best available data confirm that there are at least 223,000 individuals employed by co-operatives, however the trends in this survey reflect wider trends of business size by employee numbers.

The 'long tail' trend with a negative skew is similar for number of volunteers reported, with a range of 1-3,000 from 210 census responses and an average number of 173 volunteers per respondent. The majority of co-operatives reported 20 or fewer volunteers (75%, n=157). There are two outlier responses reporting c.3,000 volunteers, and a small group of co-operatives with volunteer numbers between 21 and 600 (n=51). This modest insight into the role of volunteers in the sector is something that has not been previously researched by CUK and very little is known of the significance and particulars.

Respondents were also asked to select whether, on balance, their co-operative had more men than women in senior/leadership positions, more women than men, or about the same number. It is worth reflecting that this question was limited both in terms of depth and possibly validity of definitions in that it procures a superficial and gender binary response, however this approach was made with the intention of improving the response rate by limiting additional labour required for the survey respondent to determine precise numbers.

Co-operatives by member classifications that reported:

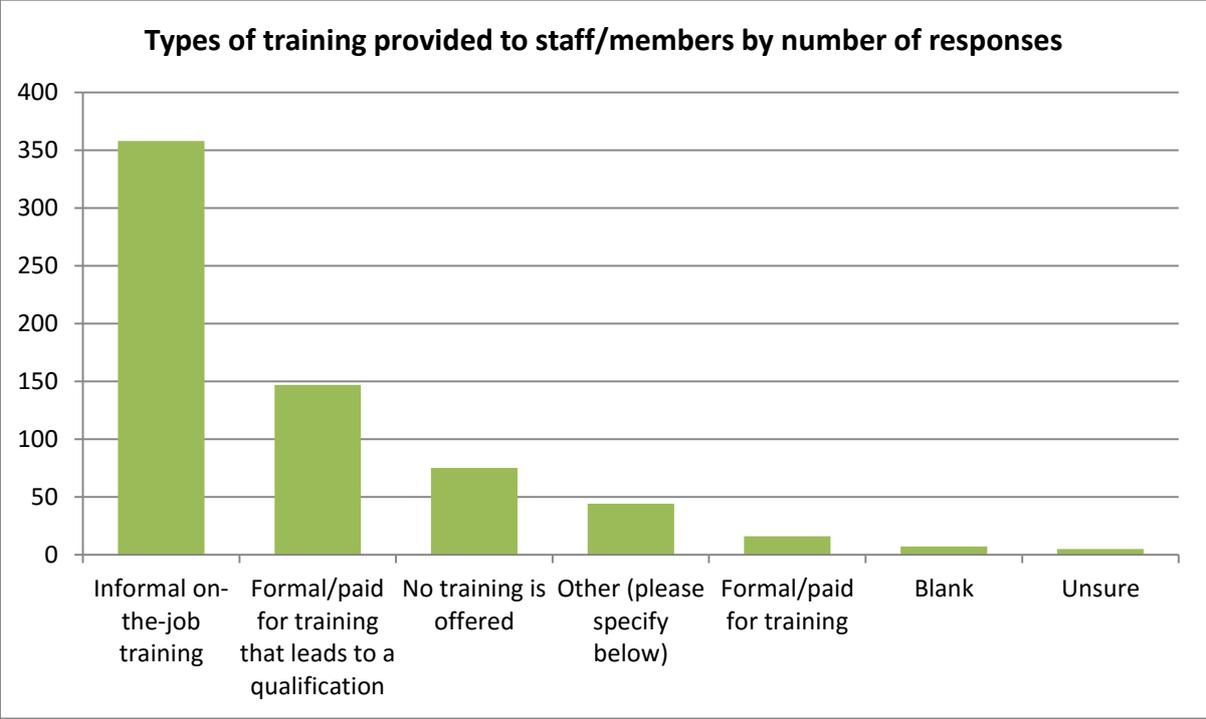
- a greater number of *women* in senior leadership positions tended to be worker, tenant, self-employed, and secondary co-operatives;

- a greater number of *men* in senior leadership positions tended to be reported by community, consumer and multi-stakeholder co-operatives;

- a broad gender balance was reported by employee-trusts and enterprises.

This exploratory overview supports wider work on gender balance and diversity in the co-operative sector, which seeks to deepen the understanding of the sector and inform strategic approaches to ensuring the development of a sustainable and diverse movement.

Respondents were also asked to report all forms of training provided by their co-operative.



Perhaps unsurprisingly, the majority of training reported was informal, on the job training. There were only 12 respondents of the total 498 who left the question blank or reported 'unsure' regarding training provision, suggesting this is a key element to their business in line with the fifth principle of co-operation: education, training and information.

There was a great diversity in the content and delivery of training, including anti-sectarian and anti-racism training, chainsaw and fork-lift truck operating alongside more traditional forms of professional development training, reflecting the diversity of industries represented. With regards to 'other' forms of training selected by respondents, more information was requested and responses have been coded and categorised as follows:

External training as required	33%
Peer to peer, shadowing	23%
Mandatory/Job specific	18%
CUK/Federal training	13%
Responsible for own CPD	13%

The provision of external training was most commonly cited, most likely owing to the small scale of many of the co-operatives. This varied both in levels of funding and formality, ranging from employee/member-led approaches of “funding for training usually provided whenever it’s requested” and guaranteed provision of “time off for exams” to the requirement for more frugal approaches such as multi-agency approaches and a ‘random ballot’ to allocate a shared training bursary for skills development.

The co-operative value of self-responsibility was evident in the prevalence of peer to peer skills sharing and/or shadowing and staff and/or members taking responsibility for their own CPD. Again, this varied in levels of formality ranging from ad hoc skills swaps and knowledge sharing to formalised secondments between business departments and professional coaching. Finally, training provided by CUK and Federal members of CUK made up 13% of comments to ‘other’ responses, or about 1-2% of the whole sample.

Approximately one third of respondents report provision of work experience opportunities, and 11% and 8% offer internships and apprenticeships, respectively. Data from the Department for Business, Innovation & Skills⁴ and the Federation for Small Businesses⁵ suggest that the use of apprenticeships is slightly below wider trends for UK SMEs. Further research into apprenticeship and internship scheme take up by co-operatives could provide fresh and valuable insight into the utilisation of these cost-effective training and recruitment programmes within the sector, in the context of potential skills gaps and the Apprenticeship Levy which will be in effect from 6th April 2017. This will be discussed in more detail below, in relation to the stated challenges faced by co-operatives of recruiting and retaining younger people.

There were three questions in the census regarding pay and overall approaches to pay. As with the gender balance question this section was deliberately phrased in order to elicit a greater response rate, at the cost of some finer detail i.e. reporting the 'average pay' of their organisation as significantly or slightly above or below average pay. As such, findings should be treated with caution given the reliance on the knowledge and perceptions of responding individuals; however this overview provides insight into pay levels and structures of co-operative that previous research has not achieved at this scale.

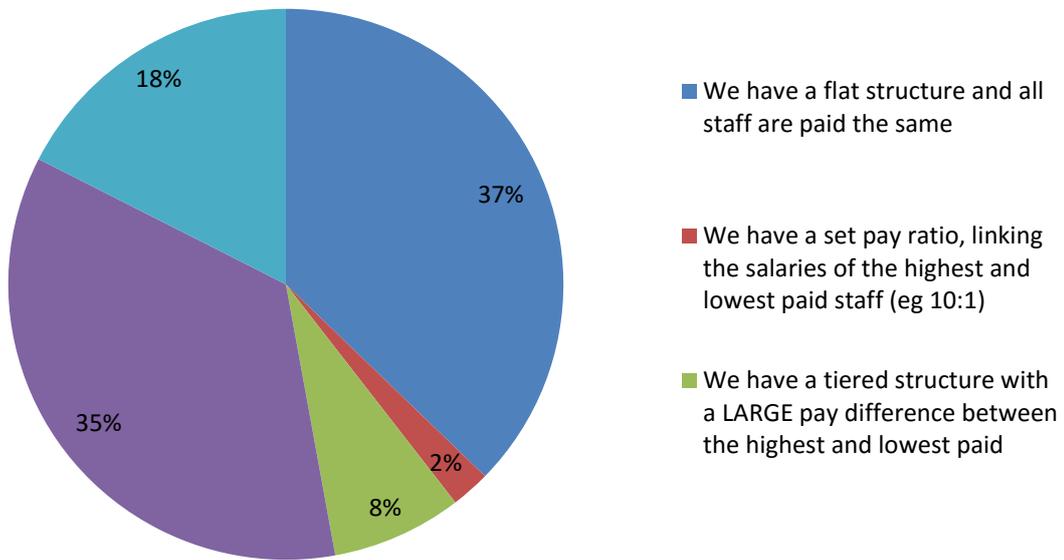
Broadly, levels of pay were reported to be in line with wider trends, with no significant skew towards significantly higher or lower than average pay scales. This pattern held true when pay scales for specific member classifications were analysed. Where there was some depart from this, however, was in comparing sectors. Co-operatives in the agricultural, food service and social care sectors tended to report slightly or significantly *higher* than average levels of pay. Those in the energy and environment, digital and media sectors were more likely than respondents from other industries to report *lower* than average pay in their co-operative.

The pie chart below summarises the share of responses for those that responded (n=263):

⁴ Department for Business, Innovation & Skills (2014), 'Almost half of all firms set to hire apprentices by 2019', <https://www.gov.uk/government/news/almost-half-of-all-firms-set-to-hire-apprentices-by-2019>

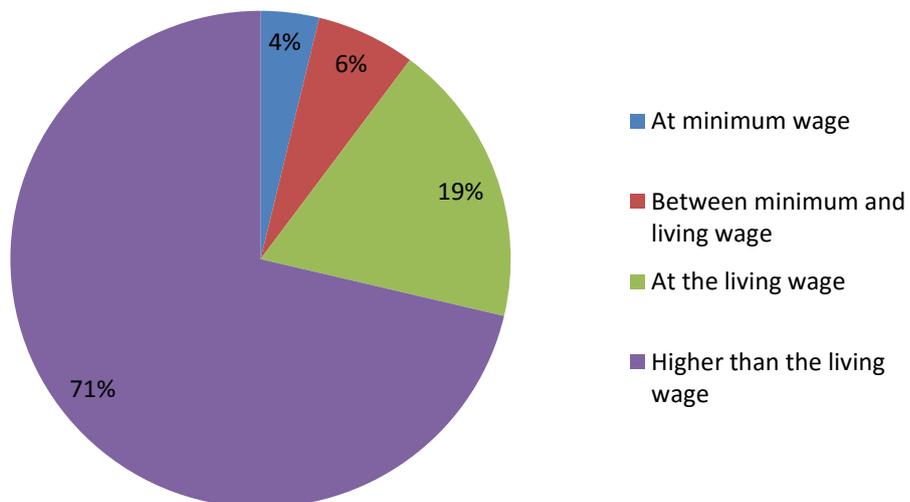
⁵ Lobel, B. (2016) 'What does the apprenticeship levy mean for SMEs?', <http://smallbusiness.co.uk/apprenticeship-levy-mean-smes-2533979/>

Which of the following most closely aligns with the approach to pay within your co-operative?



The most common response was that of a flat pay structure. This may reflect a true prevalence of this approach to pay, however the overrepresentation of worker co-operatives in the census, and the associated likelihood that a flat structure would be better known and promoted within/by such co-operatives (the ‘don’t know/unsure’ responses to questions on pay were higher than for most questions) mean that this finding should be treated cautiously.

Thinking about the lowest rates of pay, which level best aligns with the approach within your co-operative?



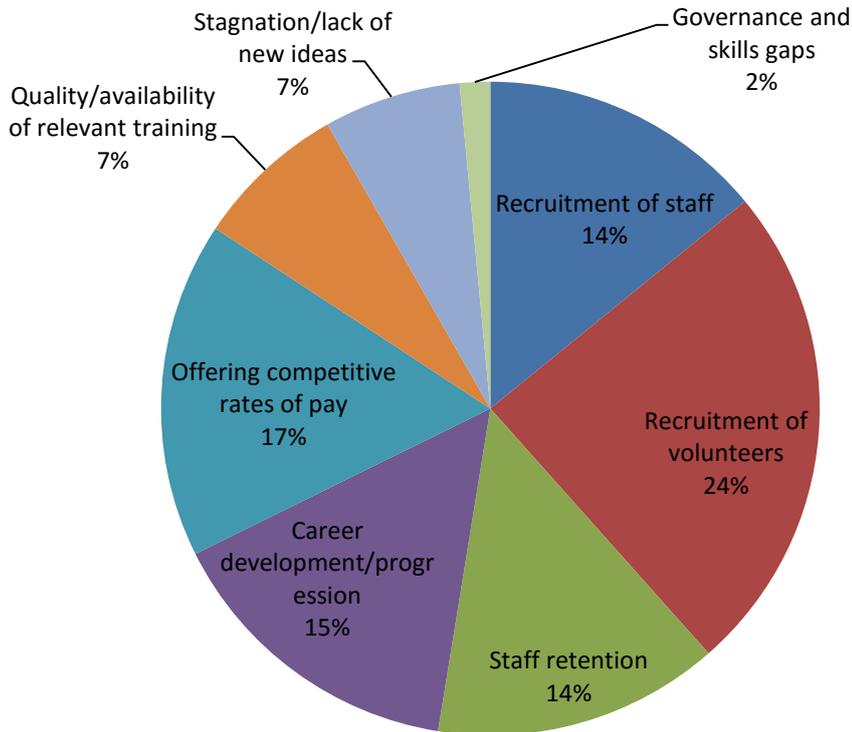
However, as with the data on pay scales, the responses regarding lowest rates of pay in the organisation suggest a key area for further investigation. Of the 266 co-operatives that responded, 71% report paying higher than the living wage. The interplay between governance and democratic decision-making structures and potential differences in how salaries function in co-operatives is worthy of closer examination.

Development enablers and inhibitors

Given the focus on sector development within the research aims of the census, there was a more detailed exploration of perceptions of barriers to success, levels of awareness of support mechanisms, and how being a co-operative may uniquely enable or inhibit innovation and success.

Following on from the employee and volunteer questions, respondents were asked to indicate the challenges regarding staffing their co-operative, whether that be with paid staff, as part of a consortium, worker-members, volunteers etc. The responses are summarised below. All responses that were marked as 'other' (n=56) have been coded and integrated into the categories below on the basis that a prompt for further information was mandatory.

What are the greatest challenges regarding staffing within your co-operative?



Together, recruitment and retention of staff and volunteers make up around half of the responses regarding challenges in staffing co-operatives (52%, n=351). This reflects concerns in related sectors. A survey from the Federation for Small Businesses found that ‘access to skilled staff’ was ranked above ‘access to finance, regulation and employment law’ in barriers to business growth by small businesses⁶. Similarly, only around one third of respondents from the charity and not for profit sector reported feeling confident regarding recruitment of quality staff, and 20% were ‘not at all confident’ in their organisation’s ability to retain quality staff⁷.

⁶ Federation of Small Businesses (2014) ‘Voice of Small Business’ Member Survey <http://www.fsb.org.uk/docs/default-source/fsb-org-uk/policy/assets/publications/member-survey-uk.pdf?Status=Master&sfvrsn=0>

⁷ Lucas Fettes & Partners ‘The Charity and Not for Profit sector today: An employee and volunteer viewpoint’, <http://www.lucasfettes.co.uk/wp-content/uploads/2015/11/Charity-sector-employee-and-volunteer-viewpoint-by-Lucas-Fettes1.pdf>

The challenge of sourcing, managing and retaining human capital essential to the success of any business is a central concern. Specific comments were made within the responses that reflect the range of challenges relating to recruitment and retention. These included finding staff and volunteers with appropriate skills, time and motivation, pressures regarding both providing enough work hours for staff and time pressures where work hours outpace the number of staff, and both quality and shortage recruitment issues.

The level of voluntary employment within the co-operative sector was previously unknown and often underestimated, therefore the unique challenges in the recruitment and retention of unpaid volunteers where legal compliance and a range of skills is required is a challenge that may be of far greater significance to co-operatives than first thought.

“[Our greatest challenge is] keeping our unpaid volunteers enthused and willing to give their time and skill free of charge”

Related to these concerns are the challenges of career development and ability to offer competitive rates of pay representing 15% and 17% of the responses, respectively. Specific comments referred to the ability to generate enough business to support the co-operative, the retention of highly skilled workers in a competitive market, and the challenges of delivering on stated goals of the co-operative (providing a pension and a flat pay structure are two examples given).

These challenges are best considered in the context of pay scales reported above. In the instance of consortia co-operatives, for example, the ability to generate enough business in order to enable a flat pay scale at or above the market level for a skilled profession such as business consultancy or architect services requires a careful balance of co-operative members and workflows.

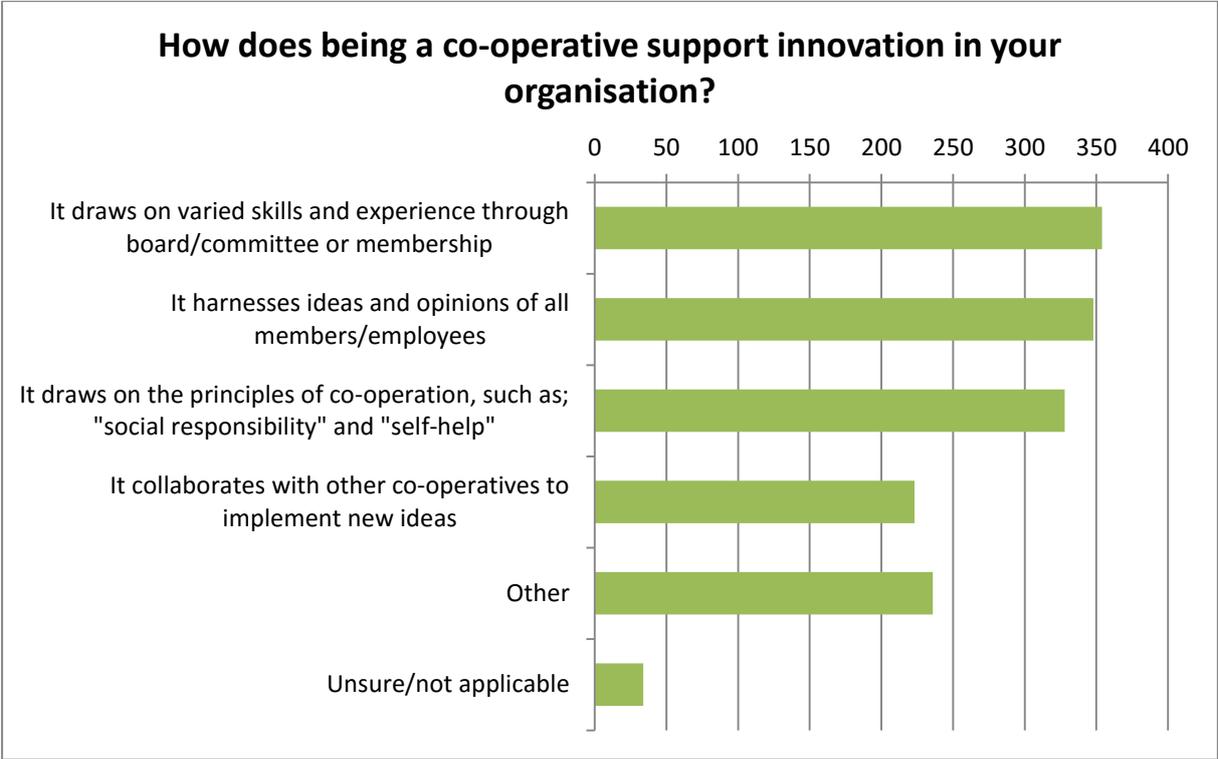
Next most commonly cited were quality and availability of relevant training and stagnation/the generation of new ideas, each representing 7% of the responses. In the light of training and advice service development and the responses citing the importance of Federal and CUK partner organisations within training provision, this is a key consideration for development within the sector.

Potential ‘stagnation’ is in turn related to co-operative governance. Despite the relatively low number of responses citing these concerns, the interplay with specialist knowledge for support within these areas of both Co-operatives UK and partner organisations presents a clear opportunity for sector development. Specific comments included concern regarding an “ageing workforce”, staff and board members retaining posts for multiple decades without contention or progression, and a “lack of new younger [members]”. The potential underrepresentation of co-operatives in relation to apprenticeship and internship recruitment mentioned above is worth reexamining in light of these concerns.

“We have an aging workforce so the real challenge over the next 5-10 years will be recruiting, developing and retaining younger people”

Given the inclusion of these issues by some respondents, there is evidently awareness that the current conditions don’t conform to best practice governance or operational management, with a simultaneous knowledge gap in how to reconcile this. In particular, the recruitment of skilled and experienced managers and/or board members was repeatedly stated as a primary challenge to success. The democratic aims and unique governing structures of the co-operative model needn’t be an inherent barrier to success; indeed responses below suggest the reverse, highlighting a clear challenge to bridge the potential gap between model rules and applied governance.

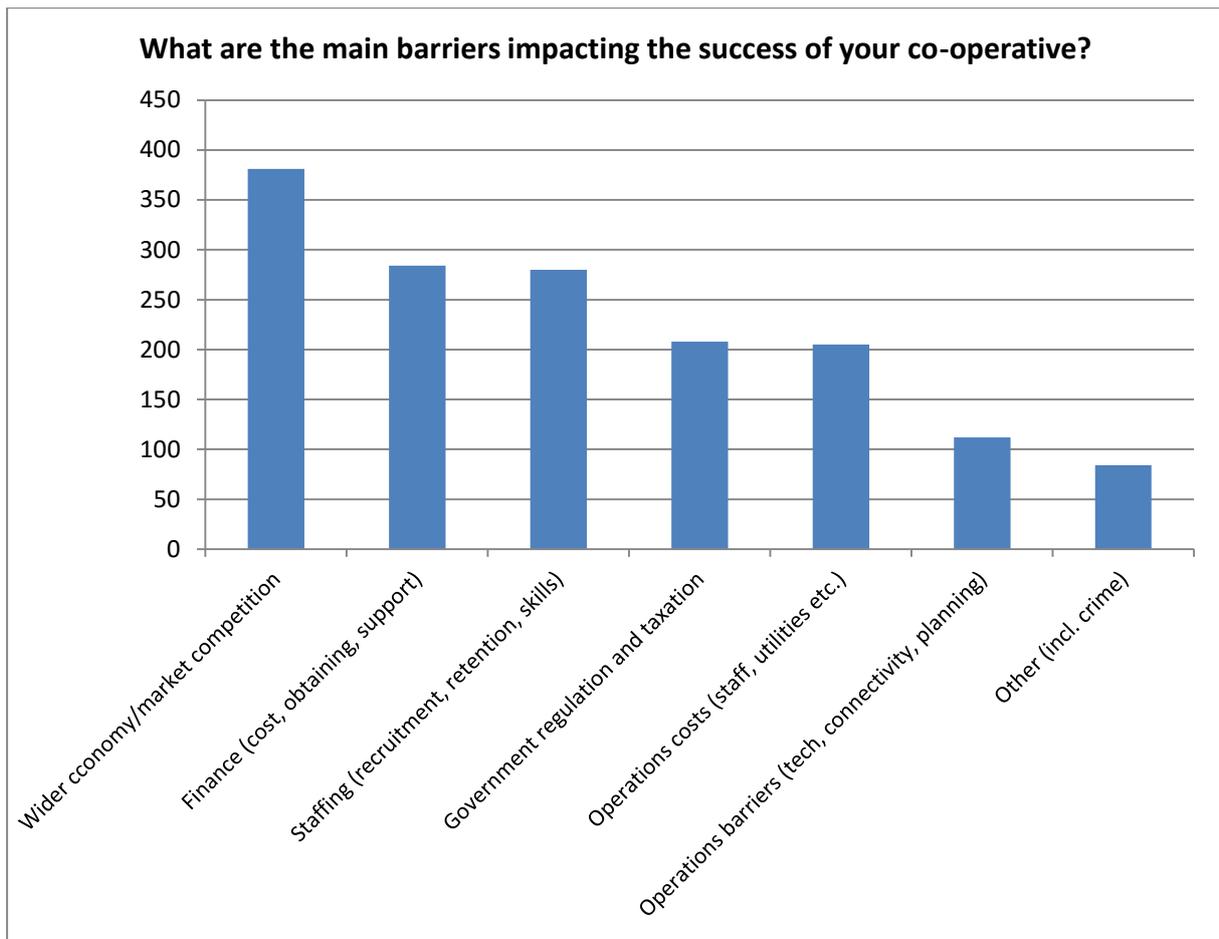
Over half of the respondents to questions regarding innovation reported their co-operative (54%, n=255) had launched new products or services in the previous two years. More still reported planning a new product of services in the next 12 months (58%, n=270). When questioned more widely, on whether the respondents viewed their co-operative as innovative, 81% (n=378) reported in the affirmative.



There was broad consistency in the number of responses to how being a co-operative supports innovation, even down to the ‘other’ category suggesting that there is a rich variety of views relating to this.

The detail provided for ‘Other’ responses most commonly included enhanced ‘collaboration’ with partners (including co-operatives, charities, communities), ‘sustainability’ with particular reference to ethical accountability and levels of trust, looking ‘beyond profitability’ for example by enabling long-term financial planning or in the case of not for profits, and technological advantages such as open source software and shared “digital infrastructure ownership”.

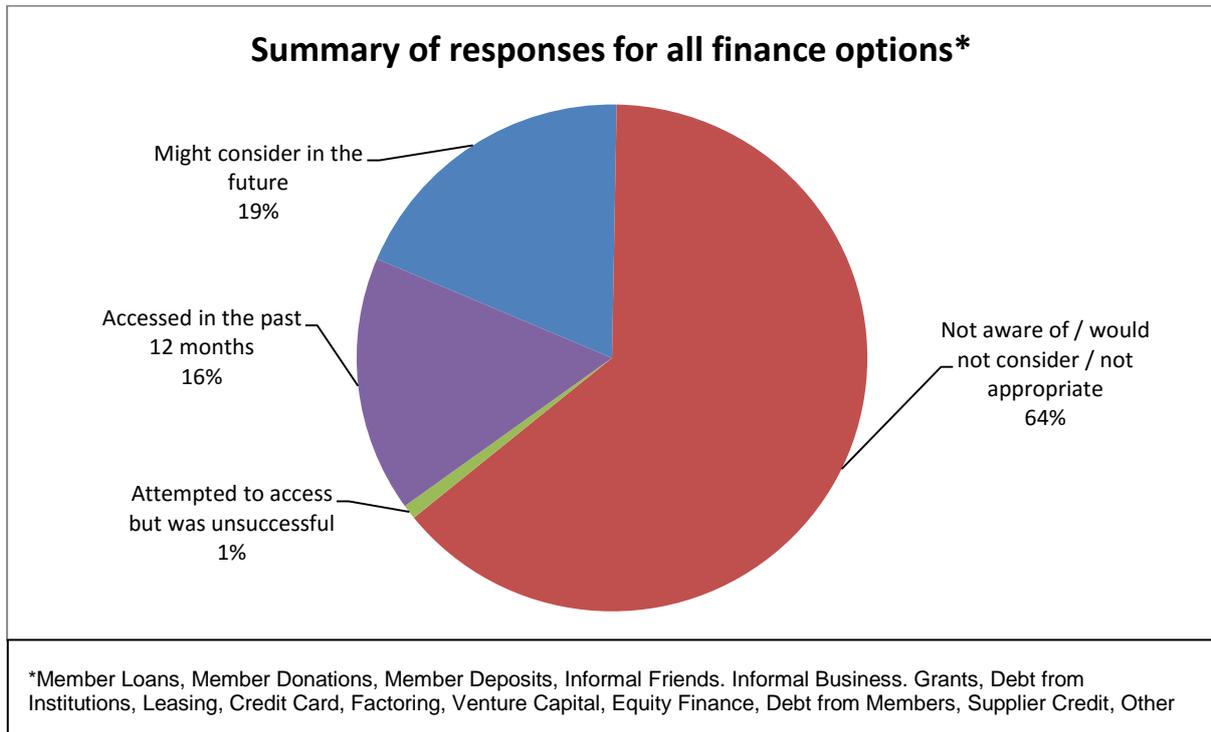
Moving on to barriers faced by co-operatives, respondents were asked to select all relevant concerns from a list of over 20. These have been grouped into categories and the responses are summarised below.



Predominant concerns reflect the wider trends examined in relation to staffing challenges of co-operatives earlier in this report. Government regulation and taxation also scored relatively highly, as well as the cost of operations. Operations barriers cited include lack of high-speed internet, possibly an indication of the wide geographical dispersal of co-operatives across the UK, and the ability to keep pace with technology. The impact of this would clearly vary between sectors.

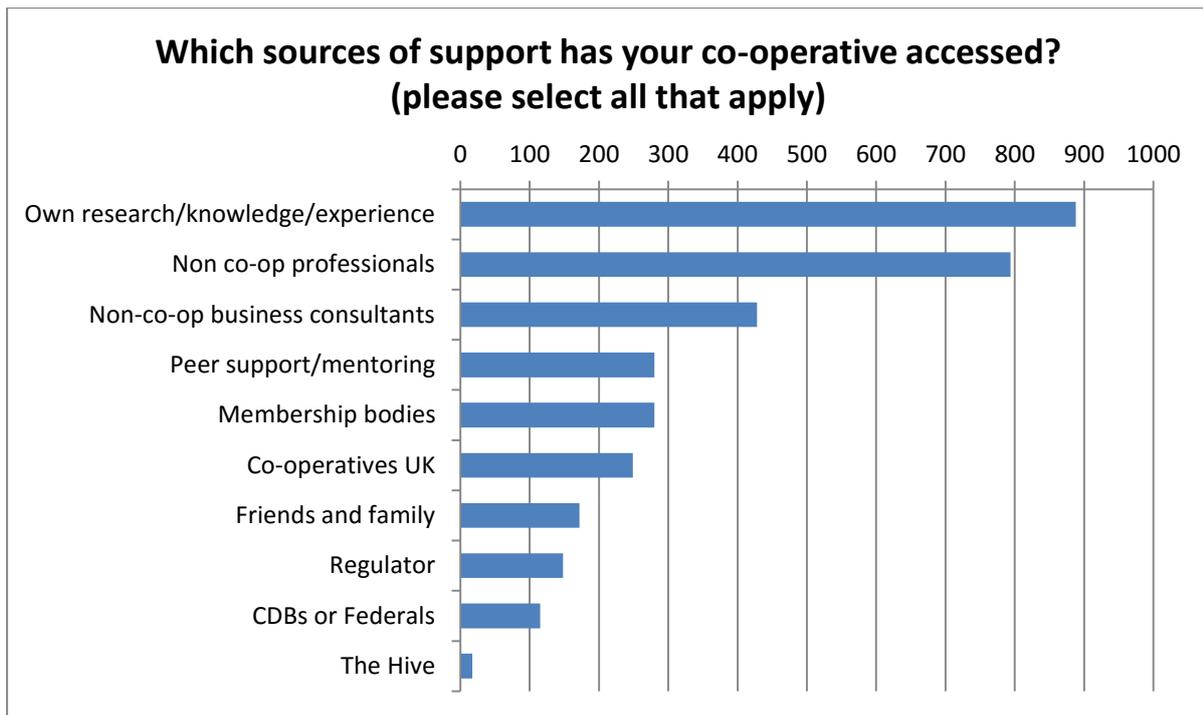
Sources of finance and support

Co-operatives were asked what finance they have already or would access:



The largest category by far was the 'low awareness/not consider' response, however the range of responses included in this is broad, and therefore difficult to draw substantive conclusions from. There may be suggestion that knowledge of finance sources is limited, however. The very low number of responses regarding unsuccessful attempts to access finance is a positive sign regarding ability to access finance desired.

The most commonly reported forms of finance accessed, by a significant margin, were grants, member donations and member deposits. Between them these accounted for 45% (n=425) of all 'accessed in the past 12 months' responses.

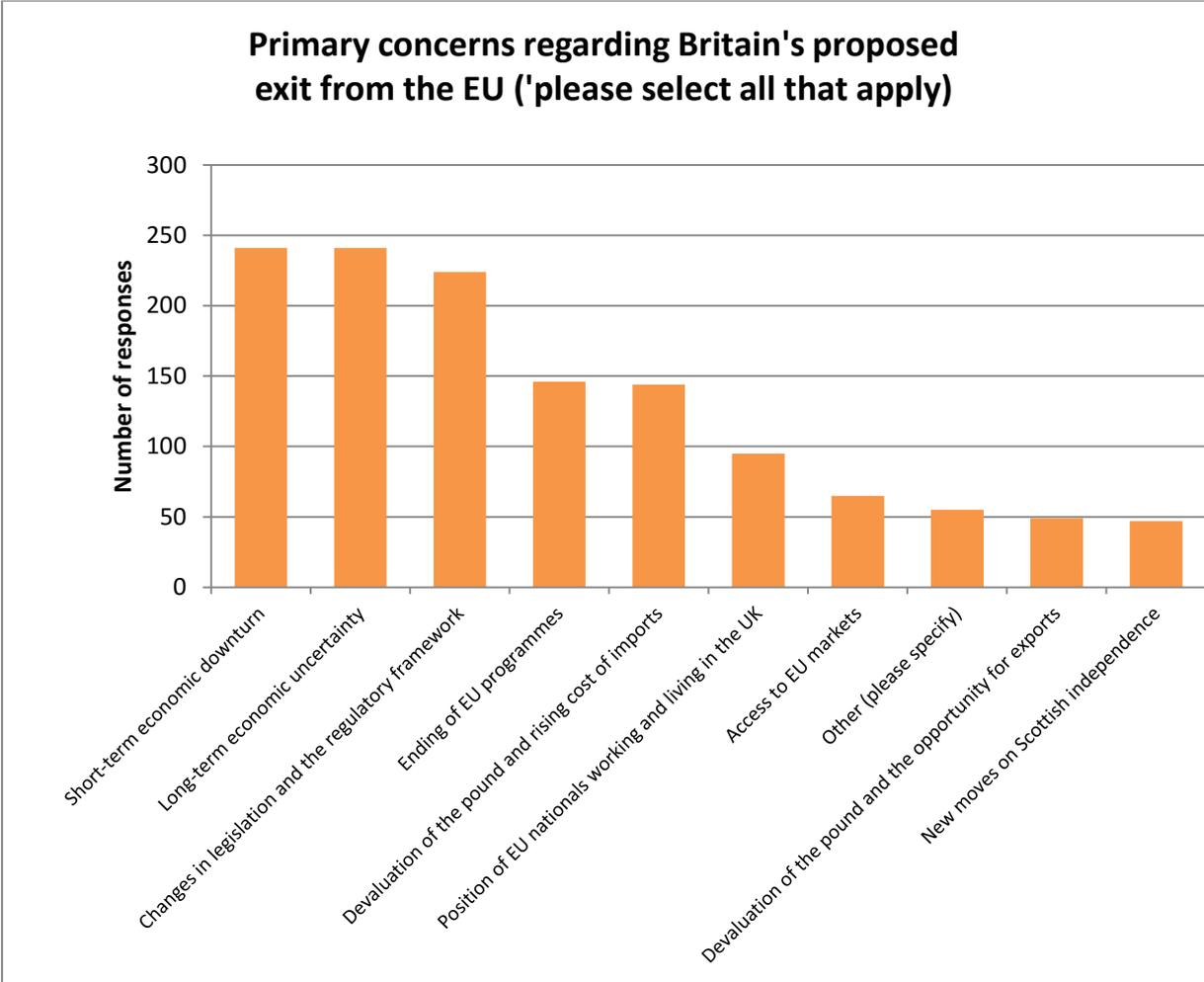


By far the most commonly cited source of support was own research/knowledge/experience, in line with the co-operative principle of self-responsibility. Unsurprisingly, for non-members of Co-operatives UK and for support not directly relating to co-operative governance, non-co-op professionals and business consultants made up the bulk of responses. The relatively low take up of The Hive support is explicable by the newness of the programme.

Looking to the future

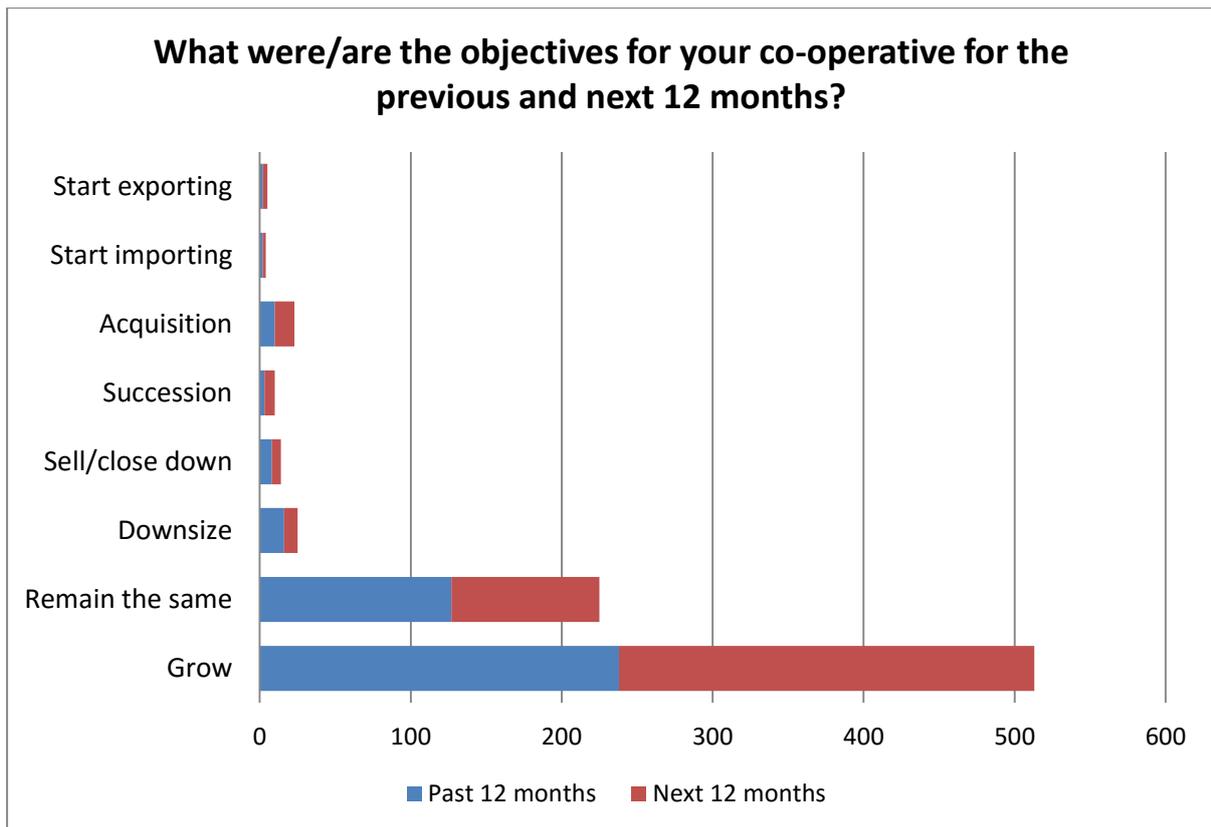
The questions regarding development and innovation were generated in the context of the NCDS strategy, which has from the outset aspired to be a forward looking and purposeful venture.

Co-operatives were asked to select their primary concerns regarding Britain's referendum vote to leave the EU. This was a timely issue and builds on endeavours by CUK policy work to understand and align itself with the views of the movement. The main concerns cited in response to the 'Brexit question' are summarised below:



Relatively few of the respondents in this survey reliance on import and export markets for their business (see chart on next page), however the lack of number shouldn't detract from the impact this may have on those businesses for which the economic instability may affect. The issue of Scottish independence still remains a concern for 9% (n=47) of the respondents, and worthy of further consideration in the context of Brexit and other CUK work in across the UK nations.

There were a series of questions regarding the objectives and trajectory of the co-operatives in the survey, which are summarised in the chart below. The majority of co-operatives that responded reported aims of growth over both the previous and next 12 months. From a development perspective, support mechanisms must reflect these needs accordingly.



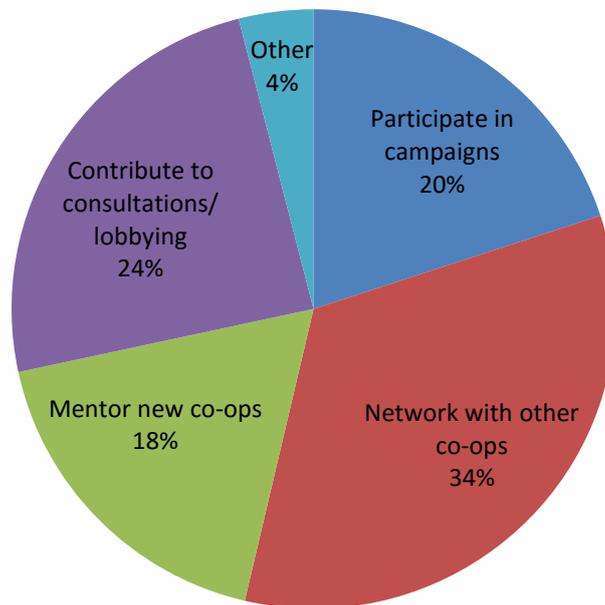
There are significant margins between those organisations with growth objectives, those that aim to remain the same size, and the far fewer responses regarding downsizing, acquisition, succession and selling or closing down. These represent much more ‘niche’ needs within the sector and this research seeks to be a useful starting point for assessing the range of proactive and reactive responses required.

Respondents were asked a series of questions regarding their perceived alignment with the movement and aspirations for that relationship, in terms of a ‘stronger role’ in the movement or participating in collective purchasing.

Unsurprisingly, co-operatives who reported being ‘very’ or ‘fairly closely aligned’ with the movement reported wanting a stronger role. Co-operatives who see themselves as ‘fairly distant’ were most likely to report having no interest in a stronger role, however conversely co-operatives ‘very distant’ from the movement were more likely to desire, rather than reject, the idea of a stronger role.

When asked for more detail on *how* they would like to take a stronger role in the movement, selecting all options that apply, the responses were as follows:

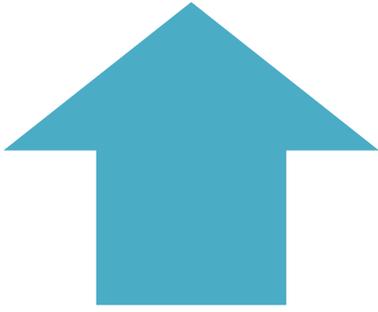
In what ways is your co-operative interested in taking a stronger role in the movement?



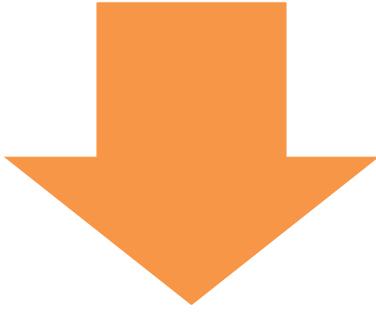
The responses were fairly evenly spread, with ‘network with other co-ops’ being the most frequent response, and ‘mentor new co-ops’ the least frequent. Of the ‘other’ responses where more detail was prompted, around half of these express a wish to increase trade and/or sell services to other co-operatives.

As with training and barriers to development, the challenges of engaging new and younger members was raised, with one respondent expressing a stronger role for them would involve “[finding] more ways to give our young members a route into the movement”. Another cited a desire to increase international connections.

Regarding collective purchasing, those the interest dropped away for the ‘very distant’ respondents, with ‘very/fairly closely aligned’ and ‘fairly distant’ respondents consistently interested in collective purchasing. This also differed by sector, the image below lists some of the sectors by overall level of interest in collective purchasing:



Retail
Membership associations
Digital, media and communication
Professional and legal services
Manufacturing



Finance
Housing
Arts, entertainment and recreation
Energy and the environment

Research outcomes and conclusion

The scale and scope of the census has allowed for a great deal of development in itself. Co-operatives UK is keen to use both the methodological learnings as well as applying the intelligence gleaned from the survey.

Specific areas for consideration

The unique character and requirements of co-operative governance present a specific challenge both for organisations within the movement and for those seeking to support sector development. Previously there has been no large-scale intelligence gathered on co-operative governance in practice, and this survey has revealed a notable consistency in management team/board sizes. The strong central tendency to an average of c.6 board members, despite a large range, evidences smaller board sizes than found in other sectors and best practice recommendations. Perhaps the vicissitudes of co-operative governance present a unique configuration that warrants further investigation.

The survey questions relating to training and resourcing suggest a challenging climate for co-operatives. Recruitment, retention and training of members, staff and volunteers are of central concern to respondents of this survey. In particular, concerns raised in relation to governance and management suggest there is a skills gap, whereby the understanding of governing board best practise is strong, at least for the subset captured within this survey, however accessing the 'right' people, finding quality training and adequate resourcing remain significant challenges.

The role of volunteers within the co-operative sector was previously unknown and consequently under-investigated, however the findings of this census suggest this is an area of operations that must not be overlooked. Equally, the formal and informal training provision by co-operatives, in particular the role of apprenticeships and the associated policy changes and emphasis on in-work training planned for 2017 make this another important area to consider and develop. This aligns strongly with the current concerns in the co-operative movement regarding engaging younger people and ensuring an in-flow of skills, knowledge and innovation so that the co-operative sector does not fall behind counterparts.

Funding and recruitment of skilled staff and volunteers is a challenge for any business sector, however there are specific and often fairly complex challenges for co-operatives of varying legal forms and structures. Governance and the challenges inherent in managing any organisation engender unique challenges and unique solutions in the co-operative sector. The knowledge and experience of best-practice governance exists, however the dissemination and opportunities for training in this field suggest some work to be done to ensure these reach organisations operating on the ground.

Similarly, the engagement of members and customers is a universal challenge for businesses, but the democratic components and member—driven nature of co-operatives present a unique challenge for which the development of greater support mechanisms could potentially safeguard the key member-owned drivers of businesses in the sector. Harnessing the skills and experience of members is viewed within the movement as a strong enabler of innovation unique to co-operatives.

Other areas of concern, such as business succession, acquisition and downsizing are also relevant here, but their relatively marginal impact is worth bearing in mind when considering prioritisation and resource allocation of support mechanisms.

Data cleanse and knowledge development

The end to end research process, from exporting and compiling email contact lists to analysis and ingest of the data, afforded several opportunities to enhance and further develop the knowledge repository of Co-operatives UK, and it's unique and comprehensive dataset.

For Standard Industry Classifications (SIC codes), ownership classifications ('who are the members?') and understanding the related governance structures there was a wealth of data which could be cross-referenced with existing CUK data and therefore the validity and reliability of these areas in particular was enhanced. For example, the 'primary focus' questions led to the review and categorisation of 74 organisations from 'other' to one of the standardised categories in the CUK dataset. Only two were deemed truly 'other' and these could be integrated accordingly. This suggests that the industry categories recently developed in CUK, which transpose wider SIC codes to a series of co-operative sector-specific priorities, is well-refined and representative of the co-operative economy.

The same analysis and cross-reference process was completed for member classification, which merged with census results with CUK data. All data points were sense checked and integrated in a two-way process to render the census responses consistent with the internal logic of CUK data, and simultaneously to review the structures of the existing data adequately represent the wider sector. An example of the above is the work completed for member classification where the most commonly mistaken or blank entries in the census related to 'communities of interest' and credit unions. Most often the former, which were often described as 'local community' 'all shareholders' 'interested parties' 'open to all', which could then be coded and made consistent with CUK data, without undermining the integrity of the individual responses.

The knowledge development element of this work enabled the completion of 'gaps' in the existing data warehouse as well as ensuring consistency between datasets (for example, some Country Markets were entered as 'food service' others as 'retail'). Also, the discovery of entirely new information, such as development needs and goals of the sector, and the extent of volunteers and work placements in the operation of co-operatives.

Communications and engagement

Another key area of development and learning within the process of the research was the contact and engagement with partner organisation and Federals. Where this was most successful, was where the CUK communications team had a good level of contact with partners, were able to tailor generic communications to generate bespoke campaign emails and Tweets, and where the Federal itself had a strong level of contact data and relationships with their members in turn.

The response rate via social media, in particular Twitter, was boosted greatly by engagement by Federal members and direct email campaigns. The data for Federals was well developed during this process, with the removal of duplicate organisations and the identification of specific branches within the same Federal co-operatives. In particular, the drill-down detail CUK was able to glean regarding credit unions and Country Market sectors has enabled a much more nuanced understanding of the workings of these sectors and how support and development processes may be development.

The success of such targeted campaigns was demonstrated in the 'spikes' in responses on dates where campaigns were released, allowing CUK to monitor and quantify the success and identify areas for further development. Unsurprisingly, strong engagement was observed from CUK member organisations and those that identified themselves as 'closely aligned' to the movement. However, regarding the intended research aim of extending the reach of the knowledge base to organisations previously not known to CUK or less aligned with the sector, there were some real indicators of success. There are a number of leads for new co-operatives, partners and members for collaboration.

The stated goal of raising awareness of CUK, partner organisations, NCDS and the internal service development of CUK and The Hive was achieved insofar as traffic to the website was driven and engagement with partner organisations can continue to develop.

There are a number of direct learnings for CUK membership, advice service provision and policy foci. These will be further researched and developed in due course.

Recommendations

A brief summation of the conclusions drawn within the scope of this survey uncovers several modest recommendations in relation to co-operative development and the role Co-operatives UK and partners may play.

- Further enhance ways to communicate with members, Federal bodies and other partners that more effectively and appropriately reflect their unique needs. The delivery of this census has proven in both its content and delivery that the means of engaging with specific groups of organisations can be decisive. Any underdeveloped areas of the co-operative economy are at risk of being left behind. Support for technology, communications as well as business management and other training may be invaluable to these groups.
- The role of younger people in co-operatives, whether as members, workers or volunteers is high on the list of concerns for the respondents in this survey. It's not enough to note the dearth of younger co-operators, but widening participation and awareness are needed, alongside tangible means to develop this area. Heeding concerns regarding the need for 'new blood' and engaging new and younger co-operative members would be prudent, not least given the indications in this research that this could be an area left wanting within the sector. The dual needs of business skills, experience and innovation as well as good democratic governance would both benefit greatly from support in this area.
- The sector appears to currently under-use internships and apprenticeships as a tool for recruitment and education. Given the co-operative principle of education and training this is even more critical. Learning from co-operatives that *do* already do this well, and learning from beyond the sector and taking advantage of formalised schemes in the larger economy may all be possible ways to achieve this.
- 7% of respondents state lack of quality training as a barrier to their development and success. Despite this, only around 1-2% report using CUK and/or Federal training courses. We know from internal monitoring that satisfaction with these courses is high, and the content provision is co-operative specific and often sector specific, thereby fulfilling a unique set of needs.

- This evidence base also suggests that there appears to be a skills gap in governance whereby even where limitations with regard to best practice are acknowledged, there is limited scope or ability to implement improvements. Better information provision, widening access to training, and further researching the specific successes and challenges of *co-operative* governance are crucial if the gap between the training providers and those looking to enhance their skills is to be bridged. Again, building on existing programmes while acknowledging this new evidence is the most sagacious approach.
- Gender balance and diversity in the co-operative sector is acknowledged as a potential strength but also a significant challenge for co-operative development. Without fully harnessing the skills and diversity within the sector the forward-looking aims of innovation, growth and generating better businesses cannot be achieved. This is an area often overlooked within the sector, this research included, and further research in this area is vital to understanding how to move forward.