



**Worker-Owned Cooperatives in Marginalized Communities: Incompatibility and  
Innovation**

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*A Major Paper submitted to the Faculty of Environmental Studies in partial fulfillment of the requirements for the degree in Master in Environmental Studies, York University, Toronto, Ontario, Canada.*

July 2017

## **Abstract**

This paper examines the sufficiency of the worker cooperative model in addressing precarious employment within marginalized communities with a specific focus on immigrant and low-income South Asian immigrant women in Ontario. Using qualitative research methods (i.e. literature review and loosely structured interviews), this paper weaves together perspectives from six individuals from different areas of the cooperative sector: 2 representatives from second and third tier cooperative organizations, 2 representatives from worker cooperatives in Ontario, and 2 individuals with experience working with grassroots organizations in marginalized communities and worker coops. The paper also explores how second and third tier cooperative organizations can reimagine their roles and services to better facilitate the inclusion of marginalized communities within the cooperative sector.

The research concludes that the lack of cooperative history and cooperative education combined hinders the culture of cooperation, which results in the lack of government support and cooperative capital available. All of these factors combined contribute to the fear of failure, which is intensified by several past failures of cooperative initiatives. This inhospitable external context greatly hinders the potential of the worker cooperative model in marginalized communities and the capabilities of second and third tier cooperative organizations.

Noting the aforementioned, I recommend the need to differentiate between classic worker cooperatives in order to conceptualize it in a more nuanced way: mainstream cooperatives, grassroots cooperatives, informal cooperatives, and cooperative-social enterprise hybrids. There is value in viewing cooperative enterprises on a spectrum of economic and social solidarity in order to better accommodate diverse needs. Through recognizing alternative identities and

pathways, the sector can work towards being more inclusive. Furthermore, I also recommend the need for strategic planning within the sector to develop an integrative system composed of existing organizations in order to build an alternative system based on mutually beneficial relationships, procurement, and solidarity. The goal of this network would be to eventually exist independently outside of the capitalistic system.

## Foreword

My research paper was inspired by the internship I completed in Fall 2016 with the Co-Work Project as a requirement for the Business and Environment Diploma. I looked at cooperative businesses in Ontario and the support available to them through a critical lens, guided by environmental and social justice as well as anti-racist and anti-capitalist principles. This paper was written with the organization's potential strategic placement for maximum impact in the cooperative sector and engagement of marginalized communities in mind.

My major research paper fulfills the following three learning objects from my Plan of Study (POS):

**Learning Objective 2.3:** To gain a thorough knowledge of social enterprises and cooperatives in order to understand how sustainability practices have been weaved into core business practices.

**Learning Objective 2.2:** To gain a good knowledge of current institutions and regulations in place to protect social and ecological well-being in order to understand their merits and shortcomings to provide recommendations for a deeper integration of the “triple bottom line”.

**Learning Objectives 3.1:** To gain a basic knowledge of socio-ecological inequalities in order to better understand how corporate social responsibility is insufficiently practiced and the need to replace superficial practices with more holistic ones.

In my POS, I stated interest in the relationship between business, sustainability, and environmental justice, all of which are central to the discussion I pursue in my major research

paper. Worker cooperatives are portrayed as a business model with the potential to deeply embed social and environmental justice within their business operations. The cooperative movement's identity is built around this notion. My understanding of these terms is informed by the exploration of the context, strengths, weaknesses, and accessibility of the cooperative model.

I learned that business, sustainability, and environmental justice will always exist as tensions, while situated within the market economy. It is impossible to reconcile business and sustainability to bring them to an equilibrium without a great deal of compromise. The sustainability and financial orientation of an alternative business model will constantly be in flux in order to ensure its survival in the market economy. Until the market economy can successfully be realigned with social and environmental values holistically, there is value in pursuing incremental ways to better balance these tensions.

## **Acknowledgements**

Justin Podur, thank you for your patience, guidance, and insightful feedback on my work. You have helped me turn this paper into something I can be proud of. Liette Gilbert, thank you for helping me carve out my plan of study, which was very helpful in helping me navigate the MES program. Jin Haritaworn, thank you for helping me build the confidence to pursue a research intensive graduate program. To the faculty members and staff at FES, thank you all for being a part of my journey!

Adrian Smith, thank you for helping me develop my research proposal and offering me an amazing internship opportunity with the Co-Work Project. I find your commitment to research, teaching, and social justice inspiring!

Thank you to the participants from Cooperatives and Mutuals Canada, Canadian Worker Cooperative Federation, Planet Bean Inc. Urbane Cyclist, Thorncliffe Park Women's Committee, and Iffat Zehra for being so kind and open with your responses. I admire your dedication to building a more cooperative Canada. This paper would not have been possible without you!

Thank you to my family for being understanding, supportive, and letting me fully immerse myself in my studies. Mum, thank you for calling me to wake me up from half way across the world before every big exam and important event! Thank you to all my friends/peers for your kind words of encouragement, advice, company, and humour! Shadman, thank you for patiently responding to my daily massive texts detailing all the challenges (big or small) I faced that day and making a big deal out of every small victory.

This research was supported by a Canadian Graduate Scholarship from the Social Sciences and Humanities Research Council of Canada (SSHRC).

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## List of Abbreviations

<b>CCA</b>	Canadian Cooperative Alliance
<b>CCIF</b>	Canadian Cooperative Investment Fund
<b>CDI</b>	Cooperative Development Initiative
<b>CED4IM</b>	Community Economic Development for Immigrant Women
<b>CMC</b>	Cooperatives and Mutuals Canada
<b>CTAQ</b>	Coopérative des Techniciens Ambulanciers du Québec
<b>CWCF</b>	Canadian Worker Cooperative Federation
<b>FOLSF</b>	First Ontario Labour Sponsored Fund
<b>FSCO</b>	Financial Services Commission of Ontario
<b>ICA</b>	International Cooperative Alliance
<b>ILO</b>	International Labour Organization
<b>MCC</b>	Mondragón Cooperative Corporation
<b>NGO</b>	Non-governmental Organization
<b>ON COOP</b>	Ontario Cooperative Association
<b>TPWC</b>	Thorncliffe Park Women's Committee
<b>US</b>	United States

## CHAPTER 1: INTRODUCTION

Social movements and alternative solutions to address the problematic nature of the economic system fail to fulfill their purpose until they are accessible by even the most marginalized populations. Solutions, driven by social justice, must continuously strive to be inclusive or risk being contradictory. Considering the aforementioned, I ask if the worker cooperative model is sufficient a vehicle to address precarious employment in marginalized communities. My follow up question asks how leaders and existing networks in the cooperative sector can reimagine their roles to make this model more inclusive and accessible.

Worker cooperatives are not a new invention. There is plenty of literature available on the topic, both recent and old. However, I found few resources focusing on Ontario specifically, even less so on marginalized people in the province. Although I acknowledge the need to successfully reframe societal norms and provoke a paradigm shift, I also believe that these shifts often occur over long periods of time. Thus, the purpose of this paper is not to highlight idealistic visions of what a truly cooperative Ontario could or should look like. Instead, I pursue inclusion through evaluating the potential of reframing cooperative identity, pursuing alternative pathways and challenging problematic norms within the sector with the assumption that government support will not be forthcoming. Instead, I examine the role that second and third tier cooperative organizations play in reorganizing the sector to effectively accommodate diverse needs. In short, I explore pragmatic, short to medium term solutions, which I imagine will accumulatively inspire paradigm shifts in the long-term.

## Theoretical Groundwork

From wealth inequality, austerity, and critiques of fictitious commodity, a transition into alternative ways of organizing our economy through the incorporation of the social and solidarity economy is overdue; an economy that prioritizes people over capital is the objective (Doran 2013). Richard Wolff (2012), in *Democracy at Work: A Cure for Capitalism*, argues that capitalism consists of never-ending cycles of expensive bailouts for financiers and austerity for the general public, which consequently intensifies income and wealth inequality to further skew the distribution of political and cultural power. This skewed distribution of political and cultural power is caused by the disembedding of the capitalistic economy from social and ecological relations (Polanyi 1948). Rather than meeting the needs of the latter, the capitalistic economy has taken on a life of its own and exploits both human labour and ecological resources to meet its inherent need for profit generation amongst the owners of production (ibid.). Polanyi (1957) goes on to argue that it is the concept of “commodity” is purely fictitious and reinforces the separation of the three spheres: economy, society, and ecology. He further argues that the economy and its governing ideology must be re-embedded within the systems it currently exploits (ibid.). The critiques of the global economy and capitalism outlined above prescribe the need for solutions that challenge, if not completely dismantle these systems.

Some alternative business models conceptually fit under the rubric of “degrowth”, a concept commonly defined as the “equitable down-scaling production and consumption that increases human wellbeing and enhances ecological conditions at the local and global level, in the short term and long term” (Schneider et al. 2010, 512). Schneider et al. (2010) argue that unsustainable growth, driven by the sole consideration of the Gross Domestic Product (GDP) as

an indicator of success, results in ecological degradation, economic recessions, and deteriorating social conditions. In contrast, proponents of sustainable degrowth consider GDP in the context of societal wellbeing and ecological health (ibid; Victor 2008). One key element within the literature of degrowth is distribution of both power and resources, which intersects with literature on environmental or social justice and climate change (Schneider et al. 2010; Victor 2008).

As opposed to the biopolitical mentality of live and let die, environmental and social justice advocates to live and let live (Lemke 2011). Klein (2014) draws attention to the undeniable need for environmental justice in conversations of progress, sustainability, and the role of businesses. Most environmental justice and labour movements are radical. They are essential in magnifying the reach and impact of alternative economic spaces in humanizing our estranged economic relations that only value profit maximization whilst neglecting social and ecological wellbeing (Harrison 2013; McMurtry 2004). These movements often act as catalyst to support radical and utopian changes but how can solidarity be feasibly achieved nationally or even provincially in Canada?

Although the society we live in is considered democratic, the reality is that we live within a democratic paradox; democracy is absent in the workplace, finance, and investment, the spaces where major decisions are made (Malleon 2014). One of the many ways environmental justice can be achieved is through the concept of economic democracy (Malleon 2014; Doran 2013). Economic democracy can be defined “as [the spread of] economic opportunities [on a wide scale], giving workers a greater say in the workplace, and allowing communities to participate in the investment decisions that shape their future” (Blackburn 2007, 36). In the workplace, employers, owners of production have little accountability towards workers and thus, are not

committed to transparency. An individual's decision-making power is determined by their wealth, which is unequally distributed, excluding a large portion of society, and weakening democracy; democracy is limited to those that can afford it. Consequently, the rich get richer at the expense of the poor. The majority takes on the risk and costs while the minority owners of capital benefit (ibid.).

Malleson (2014) also argues for radical realism, which refers to being radical with our goals but realistic with the means to achieve them. Realistic can be defined as being informed by the external constraints within the dominant paradigm. It is the idea that practicing the politics of compromise, constantly weighing costs and benefits, and inspiring changes amongst the majority of population will eventually bring about incremental changes in the near future and more radical ones over time (ibid.).

Malleson (2014) like several other scholars (Fanning and O'Mahony 1983; McMurtry 2004), advocates for worker-owned cooperatives, social enterprises, and public banks as means to democratize workplaces, finance, and investment. The goal is to neutralize the power of capital to better prioritize people and the planet by linking the worker cooperative movement to larger socio-economic global movements while its structure inherently roots it in community (Vieta and Lionais 2015). The worker cooperative movements sits within the larger context of the social and solidarity economy.

Society is composed of three to four commonly recognized sectors: private, public, informal, and social. Countless scholars have written about the private and public sector (Thériault 2012). Thus, the following discussion focuses on the social, and solidarity economy. Because the social economy rests between the public and the private, it often requires support

from both to succeed but does not neatly fit into either (ibid.). Legal status and recognition is very important. Without it, it lacks legitimacy (ibid.). The lack of legitimacy takes away from acknowledging its existence and contribution to both the public and the private sphere, which determines the level of support it receives (Gregory 2013). Instead, the social economy competes with the both the public and private sector. (ibid.) Consequently, despite its valuable contributions, the social economy is neglected and the enterprises situated within it are not given the proper nurturing environment to encourage growth.

Not only does this lead to social economy organizations, such as cooperatives, being marginalized due to the lack of policy incentives and the cultural environment, it also results in fewer people deeming it worthwhile to gain expertise in the field in order to match the lack of demand. Another valid critique of the social economy is the role it plays in strengthening the reign of neoliberalism. In research conducted on the social economy in the context of the Northern regions of Canada, it was established that as revenues in coops and the social economy increased, government spending in that space was decreasing (Thompson and Emmanuel 2012). Once the government withdraws its responsibility from the region will it once again return if the community begins to suffer as a result of the unpredictability of the social economy, an economy with no legal status? At the other end of the spectrum, another contender challenging the social economy is the solidarity economy.

Many propose drawing a stronger line of distinction between the social and solidarity economy. I attended a talk on the Black Social Economy held on February 9th of 2017. Jessica Gordon Nembhard and Ginelle Skerritt (2017) were two of the speakers at this event held at York University. Nembhard (2017) contended that pursuing a solidarity economy over a social

economy means placing a higher emphasis on anti-discriminatory systemic barriers that inform our society. The solidarity economy has Latin American and African American roots, which results in the politics of race and power being more central to its construction (ibid). Nembhard (2017) calls for more proactive actions to encourage social and economic equity, taking it beyond the goal of equality. The solidarity economy roots from feminist, environmental, anti-racist, and anti-capitalist movements. Organizations formed within this economy prioritize purpose over profit (ibid.).

Satgar (2014) argues that the social economy is ameliorative and the solidarity economy is transformative. There is an unspoken rift between what could be considered the mainstream cooperative sector, which is considered radical by those situated within it while proponents of an even more radical movement are growing alongside but more peripherally. I see great value in initiating conversation between proponents of both the social and solidarity economy in order to really practise the kind of solidarity both movements aspire to nurture.

The International Labour Organization (ILO) defines decent work as “opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men” (ILO n.d.). In contrast, precarious workers typically receive low wages and dismal benefits with little to no social wages or job security; precarious work is exploitative (Vosko 2006). The precarious economy disproportionately rests mainly on the shoulders of low-income and racialized individuals, many of whom have recently migrated to Canada (ibid; Law Commission of Ontario 2012). With a

lack of “Canadian” experience and due to institutional neglect as well as neoliberalism increasingly painting the norm for workplace dynamics, these individuals are often forced to engage with undesirable working conditions. Amanda Wilson (2010), in her research on the topic of worker-owned cooperatives, finds that there is an increase in part-time and temporary labour alongside self-employment. These patterns are paired with a severe decrease in power in the hands of workers. The precarious conditions they negotiate with are also a result of growth oriented capitalist economy, which contributes to wealth inequality (Parker 2003)

It could be argued that those situated within the social and solidarity economy are working within the precarious economy due to the fact that many of the participants are unpaid volunteers or are unable to achieve full economic compensation. The informality of the sector sometimes disallows economic solidarity to take root. However, it could also be argued that work within the social and solidarity economy returns power and agency to those that engage with these sectors instead of leaving them to the whims of capitalism; in other words, the work is meaningful and empowering.

Next, I label the theoretical background available as the “classic” or “traditional” worker coop model, wherein it is assumed that both social and economic solidarity are at an equilibrium. Worker-owned cooperatives are composed of individuals collaborating to create a revenue generating enterprise whilst also meeting their social needs. The business can be for-profit or not-for-profit. Theoretically and ideally, workers earn fair economic and social wages as per the principles cooperatives follow (CMC 2015; Government of Canada n.d.; Hough et al. 2010).

Cooperatives are governed by seven main principles (ICA n.d.a).:

Principle 1: Voluntary and Open Membership

Principle 2: Democratic Member Control

Principle 3: Member Economic Participation

Principle 4: Autonomy and Independence

Principle 5: Education, Training, and Information

Principle 6: Cooperation Among Cooperatives

Principle 7: Concern for Community

These principles are meant to challenge the general acceptance of exploitation, injustice, and irresponsibility in conventional business practices. Although the cooperative principles offer ideal constraints to build a flawless and just enterprise, this may not always be the case in reality. There are always tradeoffs in decision making that must be considered. Finally, there is the risk of cooperatives misinterpreting the principles or not practicing them appropriately.

The ability for workers to retain control, afforded by placing the goal of profit secondary to workers, can lead to higher productivity and a pleasant work atmosphere built on trust (Benner 1998; Kuyek 2011). The power dynamics between workers, the board of directors, and management team is re-arranged to be flatter in the cooperative model. Additionally, worker-owned cooperatives challenge individualism through its dependence on cooperation and pooling resources (Duguid et al. 2015).

Cooperative organizations tend to also be quite resilient in terms of longevity, compared to conventional sole proprietorship businesses, meaning they can be sustained over a longer period of time (Doran 2013; Harrison 2013; Nembhard 2014). The cooperative model's long life span can be attributed to their commitment to collectivity and issue-driven nature. Cooperatives are not forced to wind down operations as a result of the owners of capital resigning because of the model's commitment to collective ownership. This can also be credited to the cooperative

model's ability to smoothly accommodate turnover of members, the business does not have an expiration date in the same sense as conventional ones. Perhaps one of the most important characteristics of a worker-owned cooperative is that it is not developed for speculative purposes but to create jobs in order to address a dire need (Financial Services Commission of Ontario 2011). It is rooted in and is not vulnerable to capital flight or external beneficiaries.

Despite their promising nature and need for alternative business models, throughout their long history, have faced fluctuations in popularity as a result of capitalism informing the dominant paradigm. Cooperatives and social enterprises became prominent after the 2008 financial crisis (Harrison 2013). However, they are still overshadowed by conventional models; they have not yet gained critical mass, which minimizes the challenge they pose to the capitalistic paradigm.

The reality is that this model exists within a capitalistic society. Dickstein (1991) identifies the “degeneration thesis” to explain the difficulty to maintain the cooperative form within an economy that actively tries to destroy it. In attempting to compete with businesses following a conventional structure to ensure that the social needs of the cooperative are met, the organization often finds itself in the midst of an evolving identity; cooperatives become more capitalistic in its operations. Economic success can spark the need to hire general workers that do not enjoy the same perks as members, for example, creating the very stratified structure cooperatives aim to dismantle. Dickstein (1991) explains the peripheral status of worker cooperatives through describing them as being counter-cyclical; they emerge during times of crisis and then wanes as “capitalistic success” returns. (Dickstein 1991).

Data from a 2008 survey conducted by the CWCF was incorporated in a later report published titled, “The Worker Co-op Sector in Canada: Success Factors, and Planning for Growth” (2010). The major findings of this paper are as follows:

1. High motivation amongst founders;
2. Competitive enterprises that provide quality goods and services able to secure niche markets;
3. Organizations with high learning capacity and a consistent culture;
4. Connections to industry resources and the necessary technology and appropriate associations;
5. Access to finance and member's commitment to sweat equity;

Within the capitalistic paradigm, it is no surprise that financing is absolutely crucial to the start-up phase as well as to plans of expansion (ibid.). These internal factors need to be prioritized in order to ensure success within and growth of the cooperative sector.

Marginalized communities face an additional layer of disadvantages due to their positionality. In defining what I mean by “marginalized communities”, we need to understand the theory of intersectionality. The following is an excerpt from a piece written by Kimberely Crenshaw (1991):

“Intersectionality as method in the sense focused here does not simply add variables. It adopts a distinctive stance, emanates from a specific angle of vision, and, most crucially, embodies a particular dynamic approach to the underlying laws of motion of the reality it traces and traps while remaining grounded in the experiences of classes of people within hierarchical relations where systems of race, gender, and class domination converge’, criticizing a rigidly top-down social and political order from the perspective of the bottom up” (1246).

The theory of intersectionality acknowledges positionality and how it informs experience. That is to say that a person’s lived experiences are defined by their race, class, gender, religion, sexuality, ability, age, etc. (ibid.). Our society is built to privilege certain types of people over others: white, middle to upper class, middle aged, able-bodied men for example. The hierarchal

nature of our society inevitably and in intersectional manner poses barriers for individuals that do not embody those identities.

One of the pressing barriers related to employment that many immigrants face upon arriving to Canada is the devaluation of their credentials (Smith and Ley 2008). Many new immigrants suffer from a visible accent, limiting the type of job they can successfully acquire. Acquiring the necessary credentials do not guarantee a job often times due to language barriers or lack of Canadian experience (ibid.). For many immigrants, having to work for minimum wage in a grocery store with little decision-making power on how the business is operated nor any rights to profits generated, especially after having had a successful career and high educational backgrounds in the country from which they emigrated damages their self-esteem (ibid.). There is an interventional role cooperatives could play in the lives of these people so as to stray from its problematic historical roots.

Dua et al. (2005) provide a framework for theorizing “race”, racism as well as anti-racism. They explicitly draw the connection between race and capitalism to argue that they are mutually constitutive (ibid.). The authors look at colonial and capitalistic relations and how these forces moulded Canada and its systemic features to inherently disadvantage bodies of colour (e.g. Indigenous communities, immigrants). Dua et al. argue that, “Immigrants and refugees are needed to bolster the economy. However, the terrain of struggle persists for knotty subjects as exploitation in the workforce and racism persists and speak to the fragility and dilemmas inherent in a transnational world” (Dua et al. 2005, 4).

In conversations about engaging marginalized communities in the cooperative movement, it is essential to be critical of the movement’s historical roots. Cooperatives are not always

socially inclusive, being rooted in colonial endeavours, they were discriminatory to Indigenous populations in Canada (Sengupta 2015). Cooperatives were a part of the effort by the British Empire to develop its colonies. They were “utilized simultaneously to counter different forms of ethno-racial oppression” (Sengupta 2015, 134). These cooperatives were formed to create vertically integrated food systems, strengthening the power of British-born elites through the exclusion of Indigenous communities; they had a devastating impact on Indigenous peoples (ibid.). The cooperative movement has evolved and strayed greatly from its historical roots. However, this highly problematic history must be included in any discussions around its potential to empower marginalized communities in the Canadian context. Historical examples of cooperative exclusion emphasize the need for an active effort by the sector to ensure that its solidarity principles are practiced.

In contrast, Nembhard (2014), in *Collective courage: A history of African American cooperative economic thought and practice*, recounts a different perspective on cooperatives and marginalized communities. She tells the story of cooperation amongst individuals that were excluded from the mainstream economy as a tool to achieve economic autonomy and justice. Exclusion from the mainstream economy is caused by institutional neglect and results in isolation amongst other disadvantages (ibid.). Nembhard (2014) demonstrates how the use of informal cooperatives provided opportunities for African American communities prior to the abolition of slavery in the United States (US). At that time, these efforts operated under constant fear of sabotage; these coops and informal organizations benefited and survived as a result of flying below the radar (ibid.).

Although the Canadian cooperative movement is progressive in many ways, due to the problematic nature of cooperative history in Canada, it is still vital that the movement consistently practices the act of being critical of their strategies in the context of the movement's historical context. It may be uncomfortable to talk about "positionality" through the language of race and class to look at how they intersect and impact inclusivity. It is even more so the case in the context of the cooperative movement, a movement prides itself in having roots in radical resistance. However, it is important to critically examine this topic in order to discover the spaces in which these relations are still prominent. It is only after we realize how the structures of society place additional barriers upon certain groups of people that we can actively fight against them in order to build a participatory economy.

Albert's (2003) stipulation of participatory economics sits upon five foundational values: equity, solidarity, diversity, self-management, and ecological balance, which takes it a few steps beyond the solidarity economy, following much of the same principles but with a few additional ones, connecting individual citizens on the grassroots level to the highest tiers of governance. Participatory economics can be best visualized by a two-way street; decision-making is iterative; decisions made higher up are sent to the grassroots level and using the feedback received is implemented. Albert (2003) reframes everything from the meaning and value of work, its role in our lives, and remuneration. Councils composing the spine of decision-making rest at different levels of society (ibid.). Decision-making would be fluid and tailored to individual cases based on relevance; the people affected by a decision get to make the decision regardless of their socio-economic status (ibid.). It would be interesting to see such a structure or select elements of it woven into the future of the worker cooperative sector in Canada in order inspire inclusivity.

## Methodology

Research for this paper was conducted in five phases (Table 1) using qualitative literature review and interviews. Rooted in the principle of constructivism, this methodology facilitated my goal to place a diverse range of perspectives from both the formal and informal cooperative sector in Canada in conversation with each other (Lievens and Paepe 2003).

**Table 1: Phases, Methods, and Questions**

Phases	Methods	Questions
Phase 1	Literature Review	What literature currently exists on worker cooperatives and the social and solidarity economy?
Phase 2	Semi-structured interviews with second and third tier cooperative organizations in Canada: Cooperatives and Mutuals Canada (CMC) and Canadian Worker Cooperative Federation (CWCF).	Who are the major stakeholders in the cooperative sector? What state and sector driven initiatives have been developed to encourage cooperative growth in Ontario? What lessons in inclusivity can be learned to inform future endeavours such as, the Canadian Cooperative Investment Fund (CCIF)?
Phase 3	Semi-structured interviews with two worker-owned cooperatives in Ontario: Urbane Cyclist and Planet Bean Inc.	What barriers do they currently face? What are their thoughts on the model being applied to marginalized communities? What are their expectations of CCIF?

Phases	Methods	Questions
Phase 4	Semi-structured interviews with a worker cooperative developer, Iffat Zehra (received permission to share her name) with experience developing worker cooperatives composed of low-income, South Asian Immigrant women and one grassroots organization, Thorncliffe Park Women’s Committee (TPWC). TPWC is experimenting with social enterprises and exploring cooperative models. The organization is predominantly composed of South Asian immigrant women in a low-income neighbourhood.	What additional barriers do marginalized communities face in cooperative development? What are the interests and needs of grassroots organizations that are rooted in marginalized communities and how do they intersect with cooperative development in Ontario? What additional resources from second and third tier cooperative organizations would be helpful?

The snowballing method for interviews informed the preliminary stage of my research proposal development (Table 2). On November 2016, I attended the CWCF Solidarity Works Conference in Vancouver. During the conference, I had the opportunity to ask conference participants for suggestions on whom to interview in order to note re-emerging names (Noy 2008). I continued employing the snowballing method by accepting suggestions during interviews as well. In the end, I selected 6 participants in total, all from different spaces in the sector. This methodology offered flexibility to account for cooperatives that did not respond. All interviews were audio-recorded. In-depth interviews with open-ended questions created a loosely structured discussion, leaving much of the control over information prioritized by the participant. The questions evolved as I learned more about the sector over the process of conducting the six interviews. The questions I asked subsequent participants were influenced by the ones I asked their predecessors. Questions were also altered to fit the positionality of the

**Table 2: Interview Participants: Pathway to Selection and Justification**

Interview Participants	Pathway to Selection and Justification
<b>Cooperatives and Mutuels Canada</b>	Upon a preliminary scan, I have concluded that the two selected organizations were the only ones of their kind and caliber in Canada: the selection process was self-evident.
<b>Canadian Worker Cooperative Federation</b>	
<b>Urbane Cyclist</b>	Upon collecting the names of worker-owned cooperatives in Ontario through searching through members' lists of the CWCF, the Ontario Cooperative Association (ON COOP) as well as the Financial Services Commission of Ontario (FSCO). During the preliminary stage of my research proposal development, I asked for a list of cooperatives to interview. Of the names suggested, these two cooperatives were recurring.
<b>Planet Bean</b>	
<b>Iffat Zehra (Coop Developer)</b>	This participant was recommended by a previous participant I had interviewed. They bridged the gap between worker cooperative and grassroots organizations by merging the two in the work they were doing with South Asian, immigrant, low-income women.
<b>Thorncliffe Park Women's Committee</b>	TPWC was selected as a result of their inclusion in the Metcalf Foundation's Report on Inclusive Communities as community organizations in priority neighbourhoods working towards building local economies (Faraday 2016). They were suggested by an individual I had met during the preliminary stage of my research as well. TPWC offers the perspective of a grassroots organization engaged with a marginalized community

participants; I had a different set of questions for the second and third tier organizations, the worker cooperatives, the cooperative developer, and the grassroots organization. Questions were shared ahead of time so participants could contribute to them; it was a collaborative effort. Anonymity was offered to individuals unless they stated otherwise. Names of the organizations interviewed or studied are visible. However, contributions by participants are delinked from the

organizations where possible as a way to maintain anonymity unless explicitly permitted otherwise.

I limited my primary focus to Ontario. Toronto, alongside Montréal and Vancouver, attract the highest number of immigrants (Castles and Miller 2009). Over 73 percent of immigrants arriving between 1991 and 2001 settled in one of these cities (Smith and Ley 2008). A blanket analytical approach on a national scale or even a sector-wide scale, including different types of cooperatives, would have been counter-productive for two reasons. Firstly, cooperatives are governed by different sets of laws according to province. Secondly, different types of cooperatives (e.g. housing cooperatives, consumer cooperatives, producer cooperatives) have different structures and bear completely different barriers, purposes, and needs whereas worker-owned cooperatives have a direct link to the issue of precarious employment, which is my focus.

Marginalized communities, defined further in the next chapter, can be studied in a wide array of contexts. I focused specifically on low-income, South Asian immigrant women. Their identities as women of colour, and newcomers in the low-income bracket intensifies their experiences and barriers greatly due to the intersectional nature of their positionality. Moreover, the organizations I interviewed to gain the grassroots perspectives identify with that demographic.

Using grounded theory and an inductive approach (Bryman et al. 2009), I open coded the first interview, seeking themes from the conversation rather than approaching it with presumptive ones. I highlighted the following: re-emerging concepts; ideas; and people; surprises; content emphasized by the participant; concepts that appeared in my literature review; and finally, concepts that were relevant to pre-existing ideas I had. The following (e.g. second,

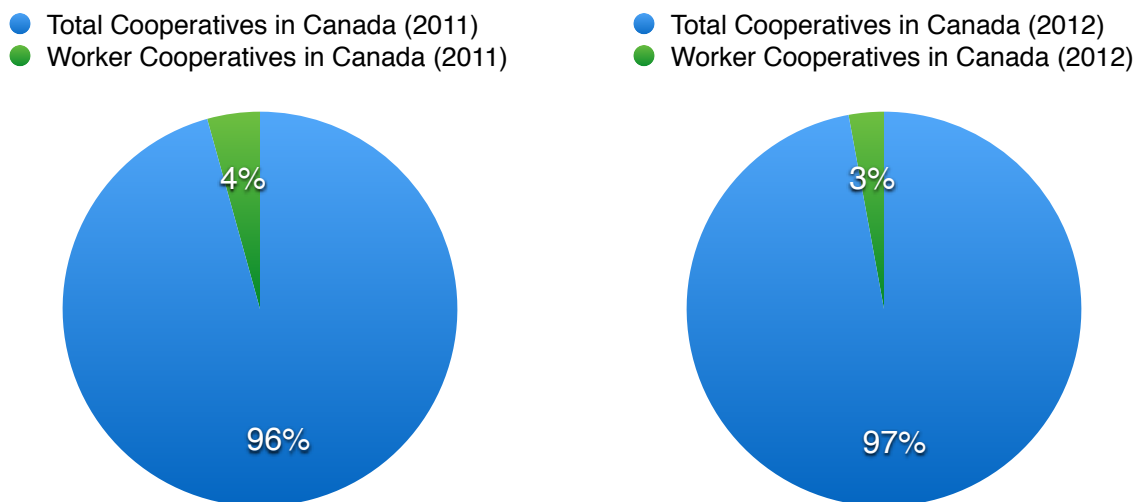
third, etc.) interviews were coded using both inductive and deductive methods (ibid.). Firstly, I read the interview highlighting all important passages. Next, using the deductive approach, I categorized them within the themes that had emerged in my previous interviews. Finally, I returned to the inductive approach to note any new themes that did not appear in previous interview(s) so participants can interact with each other through my paper.

Chapter 2 contextualizes the cooperative sector within the limitations that exist in Ontario's context set by the lack of cooperative culture, education, government support, cooperative capital, and the fear of failure. Chapter 3 includes the findings of my research. It includes an evaluation of the sufficiency of worker cooperatives as they are dominantly defined for intersectional marginalized communities and my recommendations alternative pathway to nurture cooperative growth. Chapter 4 addresses problematic assumptions, summarizes my conclusions, and prescribes further research.

## CHAPTER 2: CONTEXT: THE COOPERATIVE SECTOR OF ONTARIO

In 2011, there were 350 worker cooperatives active in Canada, employing 13,000 people, and generating over \$470 million in revenue (Figure 1) (Kuyek 2011). Comparatively, there were 3514 consumer cooperatives out of a total of 7761 cooperatives (ibid; Strategic Policy Sector 2011). According to another report published by the Strategic Policy Sector in 2012, amongst the total count of 8,500 cooperatives, only 252 of them are worker-owned cooperatives composing approximately 3% of the entire cooperative sector (Government of Canada 2012a). This report signifies a rise in total number of cooperatives but a decrease in worker cooperatives. This is disconcerting considering the fact that 2012 was the year of cooperatives. It is evident that although the cooperative sector in Canada is quite robust, worker-owned cooperatives are peripheral, even more so in the context of Ontario.

**Figure 1: Comparison of Worker Cooperative Growth in Canada in 2011 and 2012**



In this section, I begin by looking at the cooperative sector, outlining a few of the major players and how that informs the health of the cooperative sector. I argue that the capabilities of second and third tier organizations are limited by the hostile external environment, informed by a lack of cooperative history due to a competitive culture created by the education system. This determines the level government support and channels of cooperative capital available. These limitations result in and further exasperate the fear of failure created by numerous failures of past initiatives. All of these factors conglomerate to negatively affect the sector's level of inclusivity of marginalized communities.

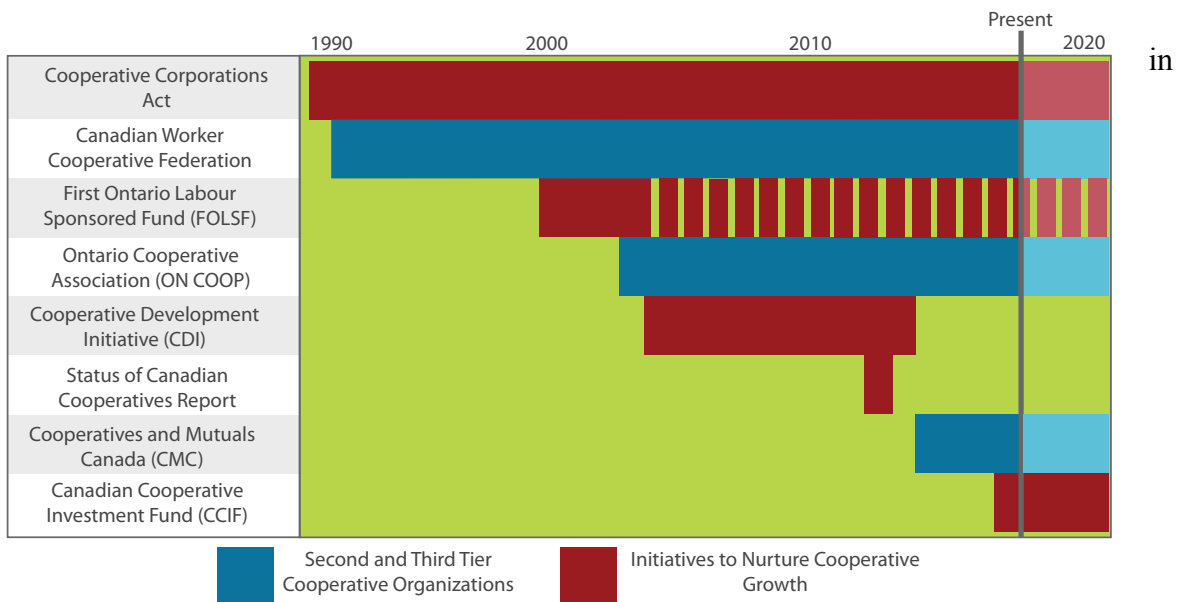
### **Major Stakeholders in the Cooperative Sector and their Limited Capabilities**

The infrastructure supporting the worker-cooperative sector started developing in a more official capacity in the early 1990s when the CWCF and ON COOP were established (Figure 2) (CWCF n.d.; ONCoop n.d.). Currently, the prominent second or third tier cooperative organizations are ON COOP, the Cooperators Insurance Company, CMC, the CWCF, its subsidiary, the CoopZone. They offer a wide range of services: financial assistance; assistance with business plans; and a unified lobbying effort to encourage cooperative growth within the country. In this paper, I will focus on the CWCF and CMC.

The CWCF, founded in 1990, envisions a growing a network of worker-owned cooperatives. Their goal is to combat precarious employment by creating high quality employment opportunities that prioritize the growth of sustainable and local economies rooted in cooperative and democratic principles (Hough et al. 2010). The organization works towards that goal by helping develop new ones and representing the entire Canadian movement nationally and

internationally. The CoopZone is a subsidiary of the CWCF and it works towards connecting cooperative members with cooperative developers. Cooperative developers specialize in the cooperative development and are meant to offer tailored services to startups and established organizations (Coopzone n.d.; Hough et al. 2010). Development of resource materials and networking are the main priority of this subsidiary. CoopZone, however, does not have any funding opportunities available.

**Figure 2: Timeline of Worker Cooperative Sector Growth in Ontario, Canada**



In 2000, CWCF developed the Tenacity Works Fund, a revolving loan fund meant to be received as a subordinate debt to increase the cooperative's chances of securing financing elsewhere (CWCF 2016). There was relatively low demand in 2014 and 2015; only one application was reviewed but it was unsuccessful because the cooperative was never started (CWCF 2015). In 2015 and 2016, two commitments were made to place loans (CWCF 2016).

The total investments and cash in this fund amounts to \$511,000 and approximately \$376,00 is still currently held, of which CWCF pledged up to \$250,000 towards CCIF at the annual general meeting in 2012 (ibid.).

“People from outside the organization were quite amazed that we would commit to investing a significant amount of our own capital in [the CCIF]. We did it on purpose to provoke the rest of the sector” (interview).

The CWCF also manages the RRSP-TSFA program for members (CWCF n.d.c). Changes to the law in 2011 made this option is more difficult to practice. In response CWCF lobbies the government to improve the worker cooperative sector by amending this change and suggesting other solutions:

“We also got some positions on indivisible reserves, a coop investment, which is replicating the Quebec model for actual super tax credits for investing in worker coops...The thing about lobbying is that it's a long process” (interview).

Lobbying takes efforts and resources, both of which are limited. This takes away from the other initiatives by CWCF that could use additional support, such as the goal of increasing inclusivity to marginalized communities. Besides facilitating the Tenacity Works Fund, the CWCF engages in research and also makes available various documents and resources to assist with business planning, feasibility studies, incorporating, etc.

In 2008, the CWCF sent out a survey to worker-owned cooperatives all over Ontario. Within this survey, there was a section titled “The Diversity Project”, which asked questions regarding the number of visible minority cooperatives were engaging with and the type of services the CWCF could offer to increase engagement with marginalized communities. Although it is commendable that the CWCF is considering diversity and engagement with

marginalized communities as indicators for success in the cooperative movement, such an approach carries the risk of encouraging tokenistic hiring practices.

CMC is a third tier cooperative organization, democratically driven by members, that supports the cooperative sector through organizing development, playing an advocacy role with the government, and conducting research to encourage growth in the sector (Cooperatives and Mutual Canada n.d.). This organization was established in 2014, only 3 years ago, branching from the Canadian Cooperative Alliance (CCA). CMC thrives through collaborating with other institutions within the sector on various different scopes: regional, national, and international. Through collaboration with the CWCF, various credit unions, and other important players in the Canadian cooperative sector, they have developed the CCIF. CMC has made available a business plan outlining details of how the fund will operate (CMC 2015). Initiatives by the CMC, such as the CCIF is discussed in further depth in later.

The following four sections outline the barriers that inform the external environment, which determines the capabilities of second and third cooperative organizations.

### **Lack of Cooperative Culture**

In comparison to international examples, there is an absence of worker cooperative history in Ontario. Mondragón Cooperative Corporation (MCC), a worker cooperative federation was established in 1956 in the Basque Region of Spain (ON COOP 2008; MacLeod 1997). It is the largest of its kind in the world, holding approximately 264 companies spread across various sectors: manufacturing, retail, finance, and education (ibid.). The cooperative employs over 100,000 people and has around \$33 million euros in assets (ibid.). The organization is structured

in a synergic and democratic manner; it is a heavily integrated network of cooperative businesses, educational, and research organizations as well as financial institution (MacLeod 1997). It is twice as profitable due to higher employee productivity (ibid.). Moreover, the Basque government and tax authorities in the region incorporated special measures to help the cooperative succeed in return for the organization's impact on lowering unemployment rates and delivering key social services through their cooperatives at a lower cost (ibid.). Noam Chomsky has described the organization as being partially socialist anarchist (Workplace Democracy 2014a). Decisions are made by workers and facilitated through a management team (ibid.).

MCC has achieved critical mass to the extent that they are no longer considered the “alternative” in the region; they are more important in this region than General Motors in the United States; it is a powerhouse (MacLeod 1997). Critical mass refers to building enough momentum in terms of operations and recognition to become self-sustaining and successfully challenging to potentially replace competitors (Botsman and Rogers 2010). Within the manufacturing sector, MCC takes a large market share of domestic appliances such as, stoves, refrigerators, and washing machines. Their products compete with the mainstream competitors on the merit of their quality, price, and service. Although as Kasmir (1996) points out, tensions between autonomy and networks as well as democracy and efficiency exist, I argue that MCC is successfully navigating a fine line between the social and solidarity economy within a capitalistic world order through creating an infrastructure that values economic democracy while at the same time achieving critical mass. The case study of MCC shows that such a history is very much feasible.

In comparison to international examples, the infrastructure to support and build a fully integrated system like MCC does not exist in Ontario. It is unrealistic to expect replicating MCC in this region but this does not mean that the sector cannot implement certain elements of it on a smaller scale. As mentioned by a participant, worker coops in Ontario exist in various sectors:

“Home care, cleaning or personal care or cutting the grass, anything in and around those kinds of services. Sometimes there are for the elderly or for individuals with different abilities...And another is cafes or restaurants or pubs. There has been lots of development in those areas. Some of them have been more successful than others...I would count the newer areas like tech coops, such as platform coops. The whole notion of how we consider coops just to actually be part of the sharing economy. [Other examples include] professionals who have come together and want to create a business. We have seen it with computer programmers or engineers or geologists or researchers who would like to essentially be part of a business” (interview).

However, there is an absence of worker-owned cooperatives in the manufacturing sector despite the sector’s heavy concentration in Ontario (Duguid 2015). Additionally, although worker-owned cooperatives come in diverse shapes and sizes, in Canada, even the larger worker coops tend to be fairly small and informal grassroots cooperatives get less attention (Benner 1988; Dickstein; 1991; interview). The size of the cooperative and the group of people they are established by and for determines its needs and barriers. Generally, the support systems designed and communications strategies developed to foster worker coop growth speak to a homogenized audience due to the resource dry external environment. They tend to be targeted towards the more mainstream cooperatives within the sector, rather than grassroots or informal ones. The notion of diversity in cooperative sizes roots back to the European context in the early 70s and 80s as well (Oakshott 1987).

There is an absence of representation of existing worker-owned cooperatives, especially in terms of having and maintaining an online presence. I referred to documents compiled by the FSCO, ON COOP, CMC, and the CWCF to compile an exhaustive list of cooperatives in Ontario. Alongside relying on said sources, I have also included the names of worker-owned cooperatives acquired through word of mouth from interview participants and other individuals in the sector. Many of these cooperatives were missing an online presence and thus, were inevitably neglected in my search. This is especially relevant for grassroots cooperatives composed of marginalized individuals.

“When I researched it last night on the internet, they are nowhere on the internet. When I was developing them and they were registering, they had a website. I don’t know why they don’t have one now” (interview).

Such an absence acts as a barrier due to the fact that when an individual is thinking about pursuing the cooperative model, they do not have many established examples to look up to or follow. As the worker-cooperative model is a difficult one to implement, this absence plays a major role in other business models being more popular. Representation would be an asset to the cooperative movement.

In the case of MCC, there are ecosystems of networks that interact with each other to increase efficiency and share knowledge. Moreover, they benefit from a supportive government that offers tax incentives. Additionally, the culture of cooperation is engrained within the region. Their historical timeline is a lot longer and more consistent than that of Ontario. What contributes to the lack of cooperative history is the culture of this region, which is informed by competitive culture that our education system instills within us. These inadequacies stem directly from the lack of cooperative history, which discourages capital investment in this area. While the

lack of cooperative education and culture are caused by these factors, they are also the leading cause of these factors; the inadequacies are, in a way, self-reinforcing.

### **Lack of Cooperative Education**

Speaking from my experience in the Canadian education system, we are taught to compete with our peers. As friendly as that competition may be, it works against our instincts to cooperate. Races, competitions, and grades are scattered throughout our youth. They inform it.

“This might seem critical but people would prefer to find something easier, to work in a system that is a little bit clear in terms of authority rather than being in a shared leadership situation because the shared leadership we don’t have a lot of those examples. Our school system doesn’t really teach us that, right? [There’s] still a lot of competition. Most of our recreations still based in competition. In terms of how we want to organize ourselves. It’s more complicated, in terms of setting up as a worker coop” (interview).

From a young age, we are conditioned to function this way. This shapes how we view the world, what decisions we make, which path we take. It also determines what we find easier and simpler.

The culture of efficiency and competition explains why cooperatives remain unsupported and invisible. This characteristic is not just limited to Canadians.

“I would say that sometimes the immigrants themselves are more in tune for competition than cooperation. That is sometimes...we have to teach our immigrant communities that there are benefits to cooperation also. Another thing is the new venues of making cooperative is emerging” (interview).

Competition re-emerges once again in the context of immigrant communities. I would argue that this culture is further intensified when considering the difficult experiences of exclusion and rejection that immigrants are exposed to in Canada. The lack of education not only impacts the culture, it also determines the areas in which individuals seek to gain expertise in.

I attended the Immigrant Business Expo on October 22, 2016. During the presentation on business structure, only two types were mentioned: sole proprietorship, which consists of one owner and a general partnership between 2 to 10 people. Social enterprises were briefly touched upon. I was not surprised by the blatant exclusion of cooperatives during these presentations. However, what did surprise me was that many of the people I interacted with in the booths either had no idea or a highly skewed understanding of what cooperatives are. I approached one of the booths to ask them what financial services their organization had to offer for the cooperative sector in Ontario when I was met with the response, “We don’t do charity”. Firstly, the assumption that all cooperatives are not-for-profit charities is heavily misinformed. For-profit cooperative structures exist. Secondly, I found the blatant dismissal of the model despite the lack of understanding problematic and almost offensive. This attitude explains the low-resource environment of Ontario. This anecdote echoes sentiments and experiences expressed by several participants during the interviews. It is one thing to not have the appropriate services but it is something far worse to share inaccurate assumptions about a topic they are not familiar with in such a confident manner.

“You can’t find anything out about coops in [small business development centres]. They know nothing...I have taken some small business courses and even if coops are there, they’re like just ignore that. They’re not important. I’ve said that. We have just introduced ourselves and I have just said I am from a coop. You just told me I am not important. I am not worth it. I find it’s very frustrating that you get that sort of thing” (interview).

The case for support in a professional sense is absolutely dismal. Without professional support, it is unrealistic to expect the sector to grow, especially within marginalized communities where intensified barriers act as a disincentive in seeking out a model when it is riddled issues such as lack of awareness, resources, and representation. The lack of professional support also makes the development of initiatives vulnerable to failure or cooptation, as in the case of the First Ontario Labour Sponsored Fund (FOLSF).

The dismal professional support extends further to initiatives developed collaboratively by organizations. The FOLSF came into existence in 1999 under New Democratic Party leadership Ontario, with Bob Rae as the premier. The information on this fund is limited. The fund utilized investment from average working class individuals collectively to finance start ups (Kreiner and Delaney n.d). The United Steelworker, the Power Workers Union, and the Ontario Worker Cooperative Federation are amongst a few the organizations that controlled the fund (ibid.). One of the aspects of this fund that differed from others at the time was that the fund was marketed directly to non-union members (ibid.). The fund also had a social screening process, which ensured that businesses receiving funding were socially innovative.

In the long run, the fund failed to maintain a clear focus on cooperatives and was coopted by more mainstream efforts in social innovation. Most Ontario funds at the time focused on medical technology, entertainment, and sports; this fund assimilated to these ongoing efforts (interview). This was extremely disappointing to the sector because this fund was the practical application of economic democracy, giving ordinary, working class people control over their hard earned money, consequently introducing many to the art of investing for the first time.

People controlling the fund were not familiar with the cooperative model, thus, any decisions that made were not applicable nor were they efficient.

Individuals from the worker cooperative sector invested their time, resources, and effort into establishing this fund only to find themselves excluded from the benefits.

“The [cooperative sector] raised \$10,000 and they invested in the First Ontario Labour Sponsored Fund. I was just at this presentation and it was really fascinating...Then, I found out that everybody at the table, which was all the worker coop groups, we weren’t eligible. They were only doing million dollar loans. People at the table needed \$50,000 or \$100,000 loans. We were just like we raised money for you and we are sitting through your presentation but we are not even a part of the community that you are going to support. Seemed really awkward to me” (interview).

The disappointment felt by the sector is legitimate and has rightfully instilled a sense of fear of failure, which as we will later see, has impacted how inclusive the sector has been. The absence of cooperative culture also affects the level of support received by the sector from the government. The reality is that it is more challenging to trigger a paradigm shift without government support.

### **Lack of Government Support**

Cooperatives are not prioritized by the Ontario or federal government; it is mainly absent and support is extremely inconsistent. The Cooperative Corporations Act (1990) was introduced during Bob Rae’s leadership in Ontario. Despite its legal recognition and the valuable contributions worker cooperatives have to offer, they receive little to no policy support from the government. Over the years, support has fluctuated through laws being changed to negatively impact cooperative development or through exclusion. The inconsistent government support is

tied to the lack of cooperative history and education in the province, which fosters a weak cooperative culture.

Quite the contrary, the recent changes to the RRSP stipulations in 2011 made by the Conservative government has made it even more difficult to acquire financing for cooperatives (Richards et al. 2012). The Canada Revenue Agency discouraged investment in the cooperative sector by introducing the “10% rule”. In the past, cooperatives were able to use their RRSPs as investment to finance their cooperatives, now, members who hold more than 10% of shares regardless of class issued by the cooperative are no longer eligible to do so. Those that are affected may face very high penalty taxes; penalty taxes can be higher than deliberate fraud cases (ibid.). Furthermore, cooperatives face the same income tax treatment as the corporations (ibid.). However, in practice, some cooperatives end up paying more due to the ambitious legal structure governing them which roots from their undefined space in the social economy. These disadvantages are especially harmful to the wellbeing of start ups. It is also important to note that the incoming Liberal government has not reversed this law change. Overall, the Cooperative Corporations Act (1990) is outdated and its recent update by the Conservative Party has been detrimental to the health of the cooperative sector in Ontario (ibid.).

The CDI was a federal initiative to increase cooperative growth in Ontario between 2003 and 2012 (Richards et al. 2012). It was located within the Cooperative Secretariat and Agriculture and Agri-Foods Canada (ON COOP 2011; Duguid et al. 2015). The CDI helped start approximately 300 initiatives (ibid.). Over 521 collectives have applied for funding in four years, which implies a high demand and need for cooperative funding opportunities (ON COOP and Conseil Canadien de la Coopération et de la Mutualité 2011). It was introduced during Liberal

leadership in 2003 and was cancelled by the Conservative government. The program had three interconnected components (Audet n.d.). It offered advisory services to ease access to technical and professional services to build successful cooperatives and also provided funding for projects that are innovative in addressing pressing issues (ibid.). The eligibility criteria for individuals that could apply was inclusive: “cooperatives, organizations, associations, universities, colleges, and local governments” were all eligible (ibid., 3). Finally, the program also generated research and knowledge development, focusing on policy research and applied research (ibid.).

Agricultural initiatives, rural and Northern community development, innovation and the use of technology as well as capacity building and sustainability were priority areas for the initiative.

The funding ranged from \$5000 and \$75,000 for each project per year. Projects were allowed to span up to four years prior to the expiry date of the initiative. The funding would cover costs such as rental, labour, materials, and supplies but capital costs and legal fees for incorporation processes were not eligible (Audet n.d.). Participants were required to pay up to 25% of the total cost of the project. Disadvantaged communities (rural, northern, priority neighbourhoods in urban areas) would receive additional federal funding to compensate for the additional barriers they face (ibid.).

A study on immigrant and ethnocultural cooperatives was also funded by the CDI (ON COOP 2011). The tailored approach of this program signifies that this initiative is critical of the specific needs of different types of communities. Although race, Indigeneity or ability are not explicitly highlighted, it is implicit in the areas the initiative outlines.

“It was the CDI with new cooperative initiative. They received funds from where I arranged funds from both of these cooperatives” (interview).

The two cooperatives in the case studies presented later were both composed of and led by immigrant South Asian women in various parts of Toronto. I elaborate further in Chapter 3. It should be acknowledged that if it were not for the CDI, these two worker coops may not have been established. Despite the reach and success of the program, it was cancelled in 2012, one year prior to original expiration date, as a result, cancelling projects for which funding had already been allocated (Richards et al. 2012). The Minister of Agriculture and Agri-food stated, “our government fully recognizes the importance of cooperatives as they generate sustainable jobs and reinforce our economy” (Duguid et al. 2011, 1). The cancellation of the program suggests otherwise.

Cooperatives have proven their value through their work in shared value creation yet they are unable to generate the leverage to secure financing (Richards et al. 2012). Most start-ups are strapped for cash, and thus, are unable to afford such a feat. The alternative structure of cooperatives (i.e. members owning the enterprise, unable to trade their shares, controlling complete voting powers, and distributing profits amongst themselves) challenges the shareholder model, consequently forfeiting the advantages it offers within a capitalistic society. Preferred shares or debt are alternatives to fund a coop (ibid.). However, for non-profit cooperatives, preferred shares are not an option, meaning they cannot appeal to outside investors by offering them dividends as their return on investment when there is a surplus (Minister of Justice 1998). These issues are acknowledged by the Status of Cooperatives in Canada report, which was presented to the government (Richards et al. 2012).

Noting the barriers in the previous subsections, the Status of Cooperatives in Canada (2012) provides six recommendations(Richards et al). Starting with the recommendation to

create a cooperative development fund to finance both old and new cooperatives. CMC is attempting to fill this gap with the CCIF without any support from the government (CMC 2015). Changes to the RRSP regulations are also recommended to allow workers to possess more than 10% of ownership shares amounting to a maximum of \$25,000 (ibid.). Following Quebec's steps, a cooperative investment resembling the Quebec Plan from 1985 is also recommended to offer federal tax credits to members and employees as an incentive to invest in their own cooperatives (ibid.). The renewal of the Cooperative Development Initiative (CDI) is on the list of recommendations as well due to its success in creating cooperatives when it was operational. They contend that the government should establish infrastructure to support the cooperative sector in Canada (ibid.). Finally, stakeholder engagement is recommended; the government should communicate with cooperatives to identify barriers created by federal regulation in order to successfully address them and ensure accessibility (ibid.). Missing from this list of recommendations is the need for investment in education and capacity building in assuring successful cooperative development. Additionally, an intersectional lens is not used to suggest a tailored approach of cooperative development amongst different demographics.

The Government of Canada (2012b) published a response to these recommendations outlined in the Status of Cooperatives in Canada (2012) report. To the recommendation of increasing awareness around the cooperative model, the government responded with their efforts to “continue to highlight the strategic role that co-operatives play in the economy and provide focused policy and research expertise on the nature and benefits of co-operative businesses to government employees and the Canadian public”. Upon conducting a survey of worker-owned cooperatives in Ontario and interviewing participants within the sector, it is unclear how much

progress as been made with this goal. Although the Government of Canada (2012b) acknowledges that the Cooperative Corporations Act is outdated as well as the need to dedicate a specific branch and appropriate department for cooperative development, the urgency to do so is not evident in their response nor any actions following the response. I also find it problematic that the CDI is absent in this conversation. The need to study the potential impacts of other recommendations can be justified as being sensible but the CDI is an initiative with proven capabilities and tremendous support both in the Status of Cooperatives in Canada (2012) report and publications made by other cooperative advocates in the country (CCA and Conseil Canadien de la Coopération et de la Mutualité 2011; Duguid 2015; ON COOP n.d.a.).

Although the 2017 budget put forth by the Liberal government considers pressing issues such as poverty reduction and inequality, cooperatives, as a solution, is heavily neglected in the budget; the government maintains their silence on the topic (CMC 2017). Additionally, the CCIF was excluded from the 2017 budget (ibid.). This signifies that it is entirely up to the cooperative sector to bring that fund into fruition without any support from the government. Despite the potential for mutual partnerships in various areas of community economic development through small business growth in various sectors that cooperatives are likely to develop in, their absence in the budget reiterates the lack of government support. With little recognition from the government, second and third tier cooperative organizations are coerced into allocating resources towards lobbying efforts, resources that could be used in advancing important goals in the sector, goals that remain neglected as a result.

“If we just had the same amount of headline space, then when you’re going to start a small business, you have the choice between sole proprietorship, partnership, a corporation or a coop...It’s the government that really needs

to get on board. If the minister just went, hey, lets give coops equal space, coops would be mentioned all over the place” (interview).

There has never been an explicit focus to nurture worker cooperative growth, let alone worker coop growth within marginalized communities. An intersectional approach is seldom used proactively by the government. Despite the theoretical benefits cooperatives have to offer, why are they not more prominent in Ontario? More specifically, why are there seemingly so few composed of individuals from marginalized community members? More importantly, why are these idealistic praises being displayed on paper and not practically implemented by the government?

In the US, the notion of a legal niche is a major factor behind cooperative success and popularity. In Ontario, there is no equivalent niche.

“One reason it works in the US so well because undocumented people don’t have the legal right to have employment. They do have the legal right to own a business. They don’t get in trouble the same way if they own a business or co-own a business. So, that’s one reason that they got this special legal niche that doesn’t apply here” (interview).

Where the US cooperative system benefit from a special legal niche that siphoned new immigrants to join the cooperative sector, Quebec benefits from a rich history of cooperation and government support in developing infrastructure and pathways to nurture worker-cooperative growth. Quebec’s social economy is funded by “union pension funds, non-profit loan funds, credit unions, government investment, and philanthropy” (Walljasper 2017). The cooperative economy in Quebec is built on partnerships with government, faith organizations, unions (ibid.). The network is more integrated and represents solidarity in a more thorough sense (Thompson and Emmanuel 2012).

“The ambulance coop in Quebec...[is] not only a union...it’s government regulated and they gets funds specific money from the government to buy an ambulance or to buy certain equipment” (interview).

Upon further research, I came to learn that the name of the coop being referred to by this participant is Coopérative des Techniciens Ambulanciers du Québec (CTAQ) (Nembhard and Johnson n.d.). CTAQ has over 350 worker-members, 54 vehicles in its fleet, of which 46 are ambulances (CTAQ n.d.). The coop was founded in 1988 when the Parti Québécois had invested heavily in worker-coops to fuel job creation in the province. The creation of CTAQ is the result of three separate Ambulance services merging into one to collectively fight against the precarious job conditions ambulance workers at the time were facing: low wages and inability to provide good quality services (Tanner 2013). The cooperative received support both from the government, the credit unions, and the culture in the region to accomplish critical mass.

Despite the pessimistic outlook presented in Ontario’s context, not all hope is lost. Motion M-100, introduced by Alexandra Mendès, was unanimously adopted by the House of Commons in April of 2017 (CMC 2017). The motion calls for the recognition of the importance of cooperatives in the Canadian economy (Mendès 2017). It further demands concrete steps to ensure the growth of the sector. The first step calls for a consultation between the provincial and territorial governments and Indigenous communities with the cooperative sector in developing a federal strategy to promote the Canadian cooperative sector (ibid.). Secondly, it demands for consistent progress reports on pre-established goals (ibid.). This is a small victory for the cooperative sector. The effort to reach communities that are marginalized is also commendable. However, it is unclear how central a position the worker-owned cooperative sector will take in any initiative that will follow. Another concern arises when determining the details of how

deeply the leaders of the cooperative sector will be integrated in the decision-making and evaluation process. If they are excluded or considered peripherally, the initiatives developed may not be sufficient to appropriately address the need of the cooperative sector. Will this just be another fruitless promise on paper or will this goal pursued through concrete steps and meaningful engagement of the cooperative sector? Will the individuals leading this initiative have the appropriate educational and professional background to secure success? Will the worker cooperative sector be lost in the crowd amongst its more popular counterpart: the social enterprise?

Worker-owned cooperatives occupy a small niche within the cooperative sector and an even smaller share within the social economy. They are often neglected even from the general social economy. One of the participants noted the absence of worker coops from the Social Enterprise World Forum conference a couple of years ago.

“[The Social Enterprise World Forum] happen[ed] to hold one of their conferences in Canada a few years ago and someone..I go to their website and there is nothing whatsoever about cooperatives...There were about 2000 people there. From the Canadian side, there were about 10 folks that I knew of that was from the coop world. If a 1000 were Canadian, that’s a really low percentage...We met with them. I did this informal session about the topic. They were just so absent, it was astounding. Anyway, there was a little bit of presence so it wasn't a 100% absence” (interview).

The absence of cooperatives from the social enterprise community is disconcerting and translates into higher level policy-making.

The Social Enterprise Strategy of Ontario is projected to continue through 2016 to 2021 (Government of Ontario 2016). Building on the success the program has faced the government of Ontario has invested \$4 million in the Social Enterprise Demonstration Fund, established a \$4

million Rate Drop Rebate Program, supported social entrepreneurs through the Ontario Social Impact Voucher Pilot, and provided further support to two of the leading Social Impact Bond ideas for further pursuance. The goal, through these investments is to create jobs, assist people facing barriers in finding employment, encouraging and training the entrepreneurial spirit in Ontario, and piloting innovative ideas to turn them into reality. Can worker-owned cooperatives benefit from these program? Firstly, considering the fact that the term “coop” is not used often despite it being a legal business structure implies neglect and exclusion on a conceptual level. It emerged only once in the Social Enterprise Strategy. Secondly, the stipulations on the kinds of programs and the examples of the programs selected are not in the cooperative sector. All of this qualifies as being an effort in the broader social economy, none in the cooperative economy, let alone any worker-owned cooperatives.

It should be noted that cooperatives are recognized as the original social enterprise in this strategy (Government of Canada 2016). The Social Enterprise Strategy does mention La Siembra Cooperative, a worker-owned cooperative in Ottawa but that is the extent of it (ibid.). Despite the acknowledgement, any inclusion of worker-coops within the social enterprise narrative seems to be missing any real or proactive commitment. The worker coops in Ontario are lost in the crowd and is seldom highlighted extensively. For the reasons discussed above, the funding opportunities created for worker-cooperatives are very limited.

## Lack of Cooperative Capital

The lack of capital is a pressing issue in the cooperative sector (Table 3). There are few funders that accommodate the unique structure of cooperatives that values community and democracy over individual economic enrichment.

**Table 3: Sources of Funding for Cooperative Development Nationally and Provincially available in the cooperative sector**

Fund	Methods
Tenacity Works Fund	\$500,000
CWCF Technical Assistance Program:	\$12,000 yearly
Co-operators Cooperative Development Program	\$150,000 yearly
Cooperatives Community Economic Development Fund	Approximately \$10 million
Co-operators National Coop Challenge	\$200,000 yearly
Canadian Alternative Investment Cooperative	\$7 million
First Nations, Métis and Inuit Cooperative Development Program	\$50,000 yearly
Carrot Cache Community Resource	\$120,000 (2015)
Fonds de Micro-Crédit pour les Entreprises Francophones	\$500,000
Ottawa Community Loan Fund	N/A
Toronto Enterprise Fund	Less than \$1 million yearly

(CMC 2015, 35-36)

Cooperative capital, often known as patient capital, is defined by the International Cooperative Alliance (ICA) as being different from investor capital due to its commitment to meeting community and member needs in a fair, equitable, and just manner through cooperation above securing the goal of profit (ICA n.d.b.).

“A third kind of capital relative to publicly owned capital, however you, like government controlled money like tax revenues or privately owned capital, like what individuals own, what corporate entities own. Only their owners have say over how it’s deployed whereas cooperatively owned capital is capital, which people in collectivities control and can decide, as a group, what to do” (interview).

Cooperative capital is collectively owned which consequently separates the decision-making power from capital contributors (ibid.). Instead, return on investment is often dependent on merit and effort rather than how much capital they have invested (ibid.; Piketty and Goldhammer 2014).

Due to these stipulations, decision-making power can be reserved strictly for workers rather than external owners of capital (ibid.). This promotes a flatter hierarchy. Cooperative capital theoretically restores a sense of autonomy to the organization. Benefits are both determined and enjoyed by workers rather than external shareholders (ibid.). Cooperative capital serves labour (ibid.). This definition outlined by the ICA illustrates one of the facets of cooperative capital, that the principle difference between conventional or speculative capital and cooperative and lies within the the placement of power and control.

The second aspect of cooperative capital is the notion of indivisible reserves (ICA n.d.b.). Indivisible reserves are essentially pools or funds composed of capital that is permanently dedicated to the cooperative sector (ibid.). Indivisible reserves are an excellent way of practically applying the principle of collective ownership. Its application is a step towards addressing the issue of lacking capital in the cooperative sector. However, the culture needed to initiate such a requirement is missing from Ontario.

“[Cooperative capital] should be dedicated and permanently in the cooperative movement, so basically indivisible reserves in cooperative set

up. That kind of capital. Coop development funds, like the ones in Italy, can be that kind of capital that is dedicated to the cooperative movement. It is a really powerful concept. In Quebec, of course, they've got indivisible reserves. They get it. It's one of the things that keeps the movement so strong" (interview).

One participant explained how it is still possible to implement indivisible reserves despite not having support from the external environment.

"We continue to lobby for the indivisible reserves and we have written that into our bylaws and articles. Most people don't understand. There isn't really any incentive for any coop to have an indivisible reserve unless there is favourable tax treatment on that. To get that, then why wouldn't you say you have this much of our money in indivisible reserve. Our retained earnings are in indivisible reserves because we get favourable tax treatment... there's no way they could [make indivisible reserves] mandatory now. He said it as just the feeling at that time" (interview).

An interesting way the notion of indivisible reserves is being extended by a worker-cooperative in Ontario is through a liability or emergency fund. The idea behind the fund is to minimize the risks to one person but instead, sharing them as a group.

"What we have done is we have taken and created a trust fund that's held by a lawyer for the equivalent amount in cash of whatever liabilities outstanding if the business goes South. That way, all of the members have an agreement that if the business goes South, that money is used to deal with this liability" (interview).

Indivisible reserves are mandatory in Quebec due to its unique history but the chances of it being implemented in Ontario, despite its desperate need, is highly unlikely (interview).

Facing the existing barriers, the responsibility to develop an indivisible reserve system within a cooperative acts as yet another additional obstacle to overcome. Balancing the business side with the association side is challenging within a capitalistic economy. One side provides a monetary return, which is vital to survival, while the other does not. When an organization is

struggling to meet its financial needs, the duties related to the association side become more difficult to manage (interview). Thus, the indivisible reserves may be perceived as being a barrier to implement without any incentives.

Funds offered by the cooperative sector, for example, the proposed CCIF, attach the requirement for capacity building and a cooperative developer to be offered as an inseparable package (CMC 2015). The rationale behind it is justified as an added security measure to ensure that funds are being utilized efficiently, which is a valid concern. Additionally, the funding secured from the CCIF is designed to be used as leverage to secure loans from other financial institutions (CMC 2015). Considering the reality of an inhospitable environment, this is a justified expectation. However, this can potentially result in several issues.

Firstly, this is not a common requirement in financing conventional businesses. Worker coops are marginalized enough as it is with the lack of support from the external environment and competing with conventional businesses is extremely challenging. Secondly, financing is difficult to access but when the allocated funds is decreased through such a stipulation, it may act as a barrier. In cases where a small to medium sized worker cooperative is well established and financing is needed for a specific purpose that the organization has already determined, the attachment of a cooperative developer is redundant, especially, if the cooperative developer does not have industry-specific expertise.

“So we have the money to hire them to do this but if we already knew what we wanted and needed, we couldn’t get the money to do that. So essentially, the coop developer was a barrier to us to accessing capital because we never believed the conclusion were necessarily the same. There was no funding for the actual implementation of that” (interview).

In cases like this, organizations have to pay a cooperative developer out of the funding they have secured to be consulted to do what had already been determined, leaving them with little funding to implement their proposed plan. Another example drawn from a service cooperative with limited assets notes the lack of funds to pay administrative staff as a result of the funding is just not sizeable enough and most of it is allocated to pay a cooperative developer. Funders should take this into account while designing funds, especially if they strive to be accessible by marginalized communities.

“But then when they approved the funding, they said that you have to have a consultant. Most of the fund goes to the consultant’s fees. This is migrant groups of women who I was training. They got these funds but now they have to hire these consultant and most of the money will go to the consultants. There is nothing left for the admin costs, which I told you about in the beginning. There is an admin cost for running a big cooperative. The funding which we got was mostly for consulting fees” (interview).

In contrast, it should also be acknowledged that previous research has credited cooperative success to cooperative developers due to their extensive social network and knowledge. (Duguid et al. 2015). Thus, it would be inappropriate to dismiss their value. However, the notion of mandatory inclusion of cooperative developers in a blanket approach should be revisited. Perhaps meeting half way to stipulate the inclusion of a cooperative developer depending on the specific needs of the worker-coop could be an option.

The cooperative capital available in Ontario is not enough to achieve critical mass or support worker cooperatives in a proactive manner. With limited access to capital in the cooperative sector, even organizations with great potential to succeed economically and socially are forced into failure in the event that an unanticipated emergency occurs. Two of the organizations interviewed expressed similar concerns regarding this issue.

“You need the capital to get you over the hump to profitability. We never reached that point. So, as a result, we began to eat each other. So, after a while, we couldn’t pay the rent. Even though, like I said, the sales were great but then the fridge breaks down and then you’ve got to spend money on a fridge and you don’t have money to invest in inventory. Then, you can’t provide all the goods and services that you want to” (interview).

“Where do we get any capital? This is big. We run into a glitch. Our [projection looks fine] for this year. It looks fine. Cashflow looks good to next year. If something happens, you don’t know. Pipes break or something and we close for a week. We lose a week of income, during a major part of the year” (interview).

High failure rates of worker-coops negatively impacts already non-existent history of worker-coops in Ontario. Furthermore it is a deterrent to future pursuance of the model. With little to no incentives to choose the worker-coop model, drastic changes need to be made in how funding is framed and organized in this sector.

The lack of cooperative capital within the cooperative sector is reinforced by the hegemonic culture that prioritizes individual enrichment over collective gain (interview). This tension usually drives the underlying theme that determines the criteria for loans from conventional financial institutions. Credit unions, on the other hand, offer social solidarity but are often unable to fully offer economic solidarity. In most financial institutions, cooperatives are still perceived as being high risk as they were almost thirty years ago (interview; Dickstein 1991).

While succession is a strength of the cooperative model, it is also a major incompatibility that hinders economic solidarity from credit unions. The individual based on whom a loan was secured may not be a part of the cooperative when the cooperative is forced to demutualize, for example.

“If they have to recover in case there is a default, how do you recover? Do you recover from the money? Where do you go? He said they could see an easier path. With coops, one of the issues is that you and I had good credit rating. They looked at us when they gave the loan but we moved on and there is two other people in our place and they don’t have any assets. There is nothing that the bank can do. They can’t go to that person” (interview).

On the other hand, cooperatives are challenging this mode of thinking by arguing that capital should not be governed according to these criteria. It is unfair to place the burden of liability on one person in the cooperative while everyone collectively enjoys the benefits.

“The model of liability associated with wealth is based upon the idea that the person who is liable has the most capacity to gain wealth from the success of the business. In a worker coop, that is not the case. Therefore, it’s an unfair burden to put on somebody. We have to eliminate that. The only way we are going to eliminate that is to get people who give loans to understand the social purpose of these businesses. They’re not about enrichment of individuals. That’s a very difficult concept for people to understand in this advanced capitalist society. Everybody believes everything is about enrichment and self enrichment” (interview).

The criteria that banks have set out are unrealistic in addressing the unique needs of cooperatives. There are three potential strategies the cooperative sector could employ to address this barrier. The first, as mentioned by one participant, is to continually educate financial institutions to move away from a one-dimensional understanding of the purpose of businesses. However, the process of educating financial organizations and shifting the dominant culture will unquestionably take a lot of time and resources. The second option is to carve out alternative pathways to work with the limited resources currently available. Both options can be practiced simultaneously. The third solution is innovative solutions, like liability funds or indivisible reserves within the sector. This will be discussed further later. The four factors discussed in this section leads to the next one: the fear of failure

## **Cooperative Sector's Fear of Failure: Negotiating Exclusivity**

The cooperative sector's fear of failure informs their threshold for inclusivity. Their fear of failure is not misplaced nor is it unrealistic but it negatively influences the decision-making processes of initiatives within the sector (e.g. cooperative capital funds). This is discussed in relation to the sector-wide collaboration led by CMC: the CCIF.

In the development process of CCIF, efficiency and security is prioritized over inclusivity, which is valid considering the context of the history of cooperative growth in Ontario. My argument on the sector's fear of failure is based on examining who was consulted for its establishment, who can contribute to the fund financially, and who can benefit from it. I also consider the reasons behind this prioritization as well as the impacts it may have.

This fund is an attempt to grow and finance the cooperative sector after several failures in the past, namely the CDI and the FOLSF. CMC has considered the major lessons learned from these failures, particularly the FOLSF (interview). It will be interesting to see how the CCIF navigates this fine balance between efficiency and inclusivity once it is up and running. Because that data will not be available until the next few years, I examine the fund based on the information I learned about its development process.

The development of this fund continues to take a long time, a lot of resources, and an incredible amount of dedication and effort. With the limited resources available, it is only logical that ways to maximize the full reach of the resources, efficiency has to be prioritized. Unfortunately, this has impacted who can contribute to the fund, financially and through consultation as well as who can benefit from it.

A fund that draws from financial investors coming from a diverse set of backgrounds with a wide range of skills means that the contributions may be smaller in some cases, which directly correlate with the amount of transactions being higher. A higher amount of transactions requires more resources and time, both of which are limited (interview). Thus, is it no surprise that instead of opening up the option to invest to a larger group of people like FOLSF, CCIF is drawing investments mainly from accredited investors (interview).

“If we can come up with \$250,000, which at the time we thought was going to be from an anonymous investor and part of it from us and the interim, the anonymous investor was still wanting to do that. However, the rules that are in place about who is allowed to invest in this thing, that person wasn’t going to be able to meet the rules. You have to be an accredited investor basically, which either means you have a whole lot of money or you are very sophisticated as an investor. This was an individual who had inherited a bit of money and put some of it here” (interview).

Although the critique of exclusivity in the fund is also valid, in the context of the low resource environment and past failures, we realize that simple critique is not enough to capture the complexity of the situation.

“We set up the committee representing the investors and we met for over 18 months to go over the legal how we were going to set up and there was quite a lot of differences in the investors so it took quite a long time to try to work it through. It is a limited partnership and the general partner is set up as a cooperative. The cooperative has had 7 board meetings and has representation currently from our investors. We are still trying to reach the remaining amount of money to reach \$25 million. Once that’s reached, we can be functional. So we are hoping as soon as we can. Each of these investors have had to go through their own process. Sometimes, they had to go through senior VP staff, either in accounting or legal, or marketing and they have to look at it and it has to go through its own processes. Sometimes, each investor has gone through two or three different committees. Sometimes it has to be the board of directors. Because these committees and groups don’t meet regularly, it is a [long] process” (interview).

It is quite evident, that a lot of effort has been put in trying to achieve a certain level of democracy as a result of the organization developing the fund embodying the cooperative structure and embedded values but how much further can they afford to go?

The second aspect to consider in supporting my argument is stakeholder engagement.

Who was consulted in developing the CCIF? The process was very top-down.

“So I would say that to answer your question, it’s more the people that have been around during this process that have been more involved in either professional background and with the social finance and they have an interest to see this happen. So it hasn’t, at this point, gotten into the grassroots situation” (interview).

It should be noted that CMC acknowledges that the fund has not yet reached grassroots level engagement due to the lack of resources to push that far (interview). It is unlikely that this will be possible within the first few years after establishing the fund without placing it in risk of dissolution (interview).

Stakeholders were limited to professionals from the social finance realm to inform its development (interview). Deeply inclusive stakeholder engagement takes a lot of time and resources. As noted earlier, both are a luxury that cannot be afforded at the moment or in the near future. The fund was projected to be operational in November of 2015 but has been delayed due to being unable to meet the goal amount (interview). Moreover, there is an urgency in getting the fund started right away to begin working towards solving the access to capital issue in the sector and to ensure that funders are not discouraged to stay committed (interview).

There is an incredible amount of pressure on CCIF to succeed. It is a long overdue opportunity to ameliorate the severe lack of capital in the sector. The disappointment in the sector from previous failed efforts plays a major role in informing the future of the sector in the

unfortunate case that this fund does not succeed. This essentially intensifies the urgency for this fund to be financially viable and successful in order to gain critical mass. Considering the fear of failure is valid, the restrictions and exclusions examined in this section are understandable. If this fund fails, nobody benefits from it and such an effort may never again be tried, which will be counter-productive to increasing the representation of cooperatives in Canada (interview).

Risk management, risk exposure, and financial viability are three key priorities informing the development of the fund (interview). The organizations that can potentially benefit from this fund once it is up and running is also limited by CMC's prioritization of risk management. 5% to 30 % is set aside for start-up investments in the form of loans, loan guarantees or quasi-equity investments. 10% to 35% is put towards cooperative succession, and 50% to 80% is allocated for growth and expansion. The justification for this derives from the need for diversifying both risk and portfolio in order to secure financial sustainability of the fund (interview). Besides differentiating between the phase of operations, another line of distinction is drawn between the type of cooperative. For example, although housing cooperatives and worker cooperatives are both coops, there are vast differences between the two.

“The areas that typically have less risk is housing coops because you've got the asset base, right? Whereas the worker coop could have more risk. So it's just a matter of trying to balance the risk” (interview).

Worker cooperatives, being perceived as high risk by conventional lenders, marginal in the general cooperative sector, and riddled by countless contextual obstacles, find their chances of success diminished. CCIF, as it stands, is designed to meet the needs of cooperatives that are professionalized to a certain degree with a viable business plan and the appropriate skills to drive their business towards financial success while maintaining and environmental values of

cooperatives. Marginalized communities may not receive the appropriate support for tailored cooperative development through this funding opportunity.

I asked some participants to share their biggest concerns and fears about this fund as a way to meaningfully engage a diverse range of perspectives. Some of the main concerns are around the size of the loans and investments as well as the rates of returns expected (interview). Individuals are concerned that the smaller worker cooperatives may be left out of the organizations that the fund caters to, considering the marginality of worker coops within the cooperative sector.

“If some of the money if they were able to use some of it that they were almost able to say that we don’t need very much collateral. Every year, we can afford to place one \$50,000 loan and we are not too worried. Something like that might be good. I think that might take a couple of years for the fund to get going but if they are just doing million dollar loans to big coop corporations, what good is that?” (interview).

The concerns that emerged are valid but considering the fact that one of the goals through this fund is to achieve critical mass, the fund may not be able to address these particular needs immediately. Evaluations regarding these concerns can only be made upon the completion of the first few years of operations. Until then, these concerns should be acknowledged and accommodated to the extent that is feasible. The context provided in Chapter 2 should shape the short, medium, and long-term goals of the fund respectively and any other future efforts that may be pursued to address the need of capital in the cooperative sector.

The barriers for marginalized communities is further intensified by their positionality, which in the context of the current cooperative landscape, makes the worker coop model a highly unappealing option, especially if it is being explored as an option to secure economic viability.

Grants help overcome the additional barriers whilst also accommodating fearless experimentation for these communities. However, grants are often associated the mentality of being “free money” by financiers. It has been critiqued as being unsustainable and complicit in causing dependencies amongst the organizations that actively rely on it.

“You can give grants all so much but at one point the coops have to be self sufficient or they are not going to last” (interview).

This perspective inspired a vital distinction that needs to be made within conversations around cooperatives in marginalized communities, between social and solidarity economies. The type of cooperative being discussed impacts the applicability of this statement. A cooperative from the social economy within a more professionalized setting with an identity closer to the corporate definition of business would resonate with the statement above. In contrast, many would argue that additional support is vital in initiating projects, especially in marginalized communities. Although the government of Ontario does offer grants, these grants do not explicitly focus on worker-coop growth. Secondly, there are not enough of them, especially in light of growing neoliberal sentiments in Ontario since Mike Harris’ influence on Ontario in the mid 1990s (Emmanuel and Thompson 2012).

Marginalized communities are not prioritized in most cooperative sector funding options and even less so through conventional financial institutions. Within a low resource economy, high risk loans increases the risk of failure, which is something that the sector cannot afford until it has achieved critical mass. The exclusion of grassroots and service cooperatives in marginalized communities is a result of the fear of failure. This contributes to the sector’s inability to develop funds that are suitable to the suit the specific needs of grassroots

cooperatives within the larger worker-coop sector. For example, for the sake of efficiency, credit unions find it easier to process larger loans due to the larger payback associated with it rather than smaller micro-loans, which take more time but offer less of a return, both of which are undesired but greatly needed by grassroots cooperative organizations.

The reality is that failure is an inherent part of creating worker coops in marginalized communities. For example, the two worker cooperatives composed of South Asian immigrant women in Ontario were a fraction of the coops pursued by CED4IM. Initially, there were six cooperative proposals (interview). They applied for funding with the intention in mind that some of these collectives would inevitably fail. Similarly, the work that TPWC is currently doing in the neighbourhood did not expect to succeed; it simply began as a way to meet some of the community's needs (interview). Their success is a result of fearless experimentation and a high amount of social capital. While comparing these grassroots examples to the larger cooperative organizations and their priorities, especially on the issue of financing, we begin to see an inherent incompatibility. The lack of professionalization and scope of grassroots organizations afford them the risk to fail and to try again whereas with a larger and more professionalized organization like CMC, which has the capacity to set the tone for the future of the sector, the situation is quite different. Future pathways recommended for the sector's inclusion of marginalized communities must consider these nuanced differences.

Here, I should mention that my intention is not to discourage the work CMC is doing with CCIF nor is it to undermine grassroots efforts that lack the professionalized aspect. My goal is to acknowledge these differences in order to argue that there is strength and weaknesses in both to gauge how compatible the fund is with diverse and special needs. Deducing from how

inclusive it has been in its process of development and how inclusive it proposes to be through its business plan, it is clear that the compatibility level is very low. The fund will most likely not be accessible for extremely marginalized groups pursuing cooperative development until it generates critical mass by further growing the fund. This incompatibility signifies that an entirely different approach altogether may be needed to include marginalized communities in the sector. The next chapter delves further into what this approach could look like.

## CHAPTER 3: FINDINGS: COMPATIBILITY AND PATHWAYS

In this chapter, I provide profiles for the case studies to explore the various existing models. Next, I examine the notion of diverse needs and priorities by gauging how accommodative the “classic” cooperative model is for marginalized communities in Ontario. I return to the notion of identity setting and differentiation to explore if the sector’s identity needs to be reimagined to further its ability to include and better accommodate marginalized communities in meaningful ways and to grow the sector.

I also explore ways in which marginalized communities can be included in the cooperative sector through alternative pathways and integrated models based on what currently exists in the sector and elaborating upon ideas generated with interview participants.

Finally, I provide recommendations for second and third tier cooperative organizations. The recommendations are three pronged: reconceptualization and reframing identity; reorganizing the cooperative ecosystem; and reimagining communication strategies.

### **Profiles**

#### *Profile 1: Urbane Cyclist*

Urbane Cyclist is a worker-owned cooperative in Toronto, Ontario. Upon receiving a tour of the facility and meeting various members, it felt like the workers at the store were like one big family, all pursuing their passion of building and riding bikes. Urbane Cyclist had an interesting start in terms of diversity and financing.

“[The founder of the cooperative] had been in Canada for a long time but he was an immigrant. He was Chinese originally. Then, one woman left and they had another member join. He was actually a Caribbean immigrant. We

had this diverse starting group. Eugene, we consider him our founder. He was an engineer and he got laid off from his job and he said that was the best thing that ever happened” (interview).

Despite the unique and diverse start, the demographic of workers have changed over the years to become increasingly white and young male with fewer assets compared to the founding team (interview). Being very self-aware of these changes, the cooperative has attempted to engage in proactive hiring practices to increase the diversity in the coop by being critical of where job advertisements are placed. They also offer anti-oppression workshops as an educational tool in order to improve their ability to accommodate unique needs.

The bike industry is known for its low pay and seasonal nature so a cooperative model, in prioritizing its workers, acts as a protective layer for members to shelter them from the ups and downs of this industry. Urbane Cyclist became profitable around its fourth or fifth year of operations. It has been able to sustain an educational budget workers can access for self-growth and personal development. The budget fluctuates depending on yearly projections but the coop continually puts in the effort to maintain it.

“Really, we are a bit tight now so our education budget is only 10 grand but usually, our education budget is 20 grand. We rarely spend it all. We really try to encourage it. We try to bring in facilitators. In fact, in our member criteria statement, members are all supposed to some sort of education every year but it can be a workshop. So we really try to encourage people to develop their skills. This is something we also have to consider that it’s not a bad thing if somebody develops enough skills to move on, this is actually positive” (interview).

This is a great example of a cooperative serving the needs of labour over capital. The main purpose behind meeting their economic goals is to ensure that the social goals are met. This sentiment is also echoed by the “thank you package” for workers parting ways with the coop; it

is different from a retirement or a severance package. The package is based on how much work the recipient put into the cooperative and if they have followed the appropriate protocol before leaving. As opposed to how it is in conventional businesses, workers are not disposable nor are they coerced into staying in order to avoid disruption to daily business operations.

Despite the social benefits the Urbane Cyclist offers, the cooperative struggles to secure living wage.

“Nobody makes what would be considered a living wage, which I think is over \$20 an hour, which I think is full-time now. We are quite a labour intensive business. It's not high paid. Nobody has the assets. Most of our members now are quite young. So we just don't have that. Where do we get any capital?” (interview).

The fact that no one at the cooperative makes a living wage implies that the workers at this cooperative, to a certain extent, are also marginalized. They are not marginalized in an intersectional sense in the same way as South Asian immigrant women are, for example, but are marginalized nonetheless.

The main barrier for Urbane Cyclist roots from difficulty of accessing to capital. Although credit unions, financial cooperatives, are able to offer social solidarity, they are unable to do so with economic solidarity due to tensions around efficiency and security that their identity as financial institutions force them to face in the market economy. Despite being in business for over 20 years, the coop is unable to get a bank loan, a line of credit or an overdraft. Urbane has a credit card but it has to be backed up by a Guaranteed Investment Certificate (GIC); they need to have the exact amount of money that is to be spent through the credit card in the bank already.

“This is big. We run into a glitch. Our [projection looks fine] for this year. It looks fine. Cashflow looks good to next year. If something happens, you don’t know. Pipes break or something and we close for a week. We lose a week of income, during a major part of the year” (interview).

As we will see echoed by the next organization, the additional barriers that cooperatives have to overcome can act as a major threat to self-sufficiency despite having proven their worth as successful cooperative businesses.

*Profile 2: Planet Bean Inc.*

Planet Bean Inc. is not a classic worker-cooperative by any means. They began operations in 1997 through a collaboration between two worker cooperatives in Guelph, Ontario. Both were relatively small and not making a profit; one of the cooperatives was a cafe. Before Planet Bean Inc., the two worker cooperatives were deep in discussions regarding buying a coffee roaster. There was no financing available at the time. However, one of the coops managed to secure a loan to pay for the expenses of the roaster. The cash flow from the cafe operated by one of the coops funded the inventory. The two worker coops created a new worker cooperative, which took out a small business loan to purchase the cafe from one of the previous worker coops in order to re-finance the business. With the brand name “Planet Bean” established, major changes were made.

Although it was incredibly difficult to achieve, economic sustainability was a goal from the very beginning. The need for reserve capital alongside working capital is highlighted as a basic premise in order to start making a profit, which is something this cooperative did not have initially.

“I would argue that it’s not possible to have a coop unless you can afford to have a coop” (interview).

20 years ago, there were even fewer support systems available to assist with such a need. The local credit union was helpful for a little while, going beyond their means to offer support but even that was not enough. Their line of credit was extended to \$15,000 after much difficulty but the reality is that the cooperative needed fifty grand to become profitable.

Inevitably, the endeavour failed due to undercapitalization despite the thriving sales and a great relationship with the community. They decided to build a new business with the remaining valuable asset: the coffee roaster. Instead of forming another cooperative this time, Planet Bean Inc. incorporated as a conventional business. Alongside Planet Bean Inc., SUMAC Community Worker Coop was also developed. Planet Bean Inc. issued one common share, which was owned by SUMAC. This innovative new model is meant to overcome redundancies that are inherent in the classic worker coop model.

“This then took over the ownership and operation of Planet Bean Inc. So the thing about SUMAC is it owns Planet Bean so SUMAC is 100% members. Planet Bean is 100% employees. So what happens is that if you’re an employee of Planet Bean and you’ve been here for a little while and you decide you want to be a member, then you switch employers. You go over to SUMAC and SUMAC becomes your employers. You’re subcontracted to Planet Bean so your wage comes from SUMAC and you work for Planet Bean. SUMAC invoices Planet Bean for your work” (interview).

The idea behind SUMAC is to eventually create a regional network connecting small businesses together to offer both economic and social solidarity, allowing everybody involved to actualize their passions, whether it be coffee, baking, accounting, etc. One participant cites a factor of worker coop failure to be their tendency to exist as an island without a deeply integrated infrastructure to offer both economic and social solidarity. SUMAC, inspired by the success of

MCC, is a model with the potential to create an integrated infrastructure within the constraints that exist within Ontario by replicating elements of it on a smaller scale (Duguid et al. 2015).

In terms of engaging with marginalized communities, Planet Bean Inc. sources from Ethiopian farmers that have created cooperative structures under great leadership. Planet Bean Inc.'s engagement with fair trade coffee connects consumers in the Global North to individuals that are marginalized in the context of the global political economy in the Global South (Fridell 2007). Planet Bean Inc.'s incorporation of fair trade coffee within their supply chain is empowering small farmers in the South Africa (ibid.). Planet Bean Inc. has had a long and challenging journey but it still continues to thrive and innovate to successfully compete with their unique value proposition: fair trade coffee offered through a worker-cooperative. Fairness and social justice is weaved throughout their entire supply chain.

*Profile 3: Iffat Zehra on Two Worker-Coops composed of South Asian Women from Immigrant Communities*

Besides the consideration of diversity occurring within established cooperatives as what is often pursued within established enterprises like Urbane Cyclist and Planet Bean Inc., another way to pursue this goal is to develop worker cooperatives within marginalized communities themselves in order to address issues unique to them. Diversity at both levels must be considered in efforts to meaningfully pursue diversity in the sector. The following examples shared by Iffat Zehra, a cooperative developer, illustrates the worker cooperative model being used within marginalized communities, namely low-income newcomer South Asian women. Iffat Zehra was working in an organization called the Community Economic Development for Immigrant Women (CED4IM). CED4IM's mission was to help women start their own businesses through

offering training, capacity building, and support. She began to notice a pattern of South Asian immigrant women approaching the organization with skills but no capital. Their skills ranged from art, teaching, childcare, eldercare, etc. Many lacked the professional credentials in Canada but had the necessary skills to do the job. The idea of starting a worker coop, in which they would collectively pool their skills and resources and furthermore to cut out redundancies in marketing and outreach emerged. Iffat Zehra shared the idea of forming cooperatives with the women and they were receptive of it.

Upon being oriented by ON COOP and having the right support systems in place from CED4IM and through Iffat Zehra, two cooperative groups were formed: one was a not-for-profit daycare worker coop and the other a for-profit teaching worker coop. The profit orientation decision was influenced by the exploitative practices of daycare agencies that the collective had experienced prior to joining the coop. The coop eliminated the middle person to ensure that daycare workers retained their earnings. The teaching cooperative, on the other hand, was for-profit.

Unlike conventional worker cooperatives, workers in these two coops invested in the cooperative through their skills and through providing a safe and stimulative space for the children they are taking care of (i.e. non-traditional forms of capital).

“Each of them needed their own house and separate rooms where they can take care of the children. If the child is coming with their own needs for toys or cot or stroller, they have to provide that because the cooperative will not provide the furniture or the separate rooms or the utilities. These are all a lot of things, supplies. The children are going to the bathroom so the women have to provide supplies, bathroom supplies. It’s a huge expense on the women’s part. This is what the women would invest, not through shares. In the first non-profit cooperative, there were no shares. The women still had to

provide all of these things to the children. They are investing their home, rent of one room, one washroom, supplies, furniture, toys” (interview).

It is unclear how this burden of investing and liabilities were shared amongst the women.

Additionally, this limited the ability to generate economic solidarity.

Social solidarity was increasingly difficult to maintain as well. Although the cooperative model seemed ideal for these groups for several reasons, numerous problems emerged. Cultural and social cohesion happened to be a barrier in these two cooperatives. A common denominator joining the group together, such as cultural background or perhaps the country they emigrated from was vital in maintaining social cohesion; otherwise, it led to exclusion. Another point of conflict was competition amongst the workers. The person in charge of administrative duties received a salary for doing that job and this often posed a topic of debate amongst the workers.

“This idea of paying one of their own colleagues, members for running the cooperative was really hardly contested. Everyone, whether they had knowledge or not, were ready to run the organization to get a salary” (interview).

This competitive spirit was also often present when it came to clients as well. For logistical reasons, sometimes, one worker would get a client. Other workers would object to why another worker received a client instead of them. As noted by the participant, this type of competition roots from not fully understanding the principles of cooperatives. This example illustrates that alongside attending workshops for the logistical details on how to operate a cooperative, in many cases, it is worthwhile to attend workshops and training sessions where the value of cooperation is explored in a way tailored to reach people from diverse backgrounds.

The status of both cooperatives at the moment are unknown. Their online presence is not very prominent. As discussed in an earlier chapter, this could be due to the fact that they wish to

remain rooted in their local community or the fact that there are no resources (both skills or financial) to maintain it or that the cooperative has demutualized altogether.

*Profile 4: Thorncliffe Park Women's Committee (TPWC)*

TPWC was founded in 2009. It was built by volunteers, mainly women from the community, to initiate local micro enterprises; efforts were centred around R.V. Burgess Park, which sits in the centre of this neighbourhood surrounded by high-rise apartment buildings.

“It was also to bring women out during their busy schedule. We wanted to use the park as a space where everybody could come together to share information, break the barriers between culture, language, ages, and also the natural world and celebrate in common space” (interview).

Their efforts culminated in a unique park market model, which provided residents from the neighbourhood the opportunity to set up tables and stalls where they would sell their goods and services. The market attracted some people from surrounding regions, mainly consumers. Support from the City of Toronto was key in the success of the programs designed by the organization. TPWC took an intentionally non-aggressive approach paired with a lot of hard work and insistence to build a lasting relationship with the city.

TPWC intends on staying a grassroots organization in order to better serve the unique needs of the community they are embedded within, with tentative plans of becoming a non-profit organization with charitable status. They have experimented with the social enterprise model to develop Flavours of Thorncliffe, a catering service. TPWC have also started looking into the cooperative model as a potential next step but acknowledge the need to tailor it to the specific needs of the community. Besides tentatively considering the coop model for themselves, it is also being considered for the groups they may inspire and eventually incubate within the community.

As of right now, the women engaging with TPWC have expressed little interest in engaging in generating full-time employment for themselves through the organization; the income they receive from their involvement with the market is meant to be complementary to their primary household income.

Like previous examples, one of the major barriers to cooperative development is the inability to access capital. As seen through the daycare and teaching coops, these enterprises are heavily dependent on non-traditional capital: the willingness to invest time and skills as opposed to economic capital. Although TPWC's hard work and its impact is acknowledged through awards from prestigious organizations, they do not have the financial support they require to magnify their impact nor can they afford to start a business that requires an upfront capital investment.

I think the biggest challenge for us, because we are a volunteer based organization, we get a little bit of funding here and there. I had to make sure it goes to all the community members. It is not thoroughly staffed. It's still a volunteer based. Because we are doing such incredible work in the neighbourhoods and we are creating these [innovative] models, I really think the support in the form of financial resources for this women's committee and also like an office space" (interview).

The prioritization of social solidarity over economic solidarity for the time being is illustrated both through the structure of TPWC itself, the projects they have engaged with in the past as well as those they hope to engage with in the near future. This priority is informed by the positionality of the people organizing this work as the individuals benefitting from it.

The barriers for this organization are unique to their positionality. In South Asian cultures, men are considered the breadwinner. In agreement with division of labour, it is evident that the split between the public and private sphere in South Asian culture is more pronounced.

“Thorncliffe being an immigrant neighbourhood, with more than 80% of the population, highest percentage of concentration being from South Asian countries, the men are the leaders in the family. They are the bread winner. They earn the bread. Women are supporting the families; they are looking after the children. They might not be ready to take that risk of investing that many dollars.” (interview).

This reality has major implications in the women’s appetite for risk and investment as well, which is perhaps why the two enterprises composed of South Asian immigrant women in the last profile and the women involved with TPWC are driven by labour and non-financial capital.

Besides the cultural aspect, language barriers and the lack of Canadian experience are additional hurdles that these women have to face. These intensified barriers need additional and tailored support. A homogenous approach by cooperative developers and second or third tier organizations, such as the one informed by a resource-dry environment, will not be enough to engage these groups without the help of another non-profit organizations offering additional support, which is the role TPWC potentially hopes to fulfill (interview).

“[TPWC] is trying to provide that kind of an opportunity with low risk for the women and an incubation space. We also offer and connect them to the different skill building or capacity building opportunities, whether it’s workshops or training. We do that to help them...move out to bigger events” (interview).

Despite the pessimistic setting within which cooperatives must strive to succeed, TPWC expresses interest in experimenting with that model, purely on its value-based merits.

“That is the reason I really like the social enterprise model. That would be... there is an opportunity for that kind of model to be self-sustained. The people have the ownership of that. I am working on the other model that is very interesting. I think sometimes the shared model...what should I say...it is somewhere the social enterprise and coop” (interview).

The additional barriers discussed have a direct impact on a low-income, racialized, newcomer ability to engage with the worker coop movement in Ontario, especially upon considering all of the external factors discussed in the previous section and issues around gender norms. However, the willingness to experiment with this model offers a promising hope for the compatibility of the cooperative model.

### **Diverse Needs and Priorities of Marginalized Communities**

Cooperation Jackson located in Jackson, Mississippi, is a successful example of a worker coop in a marginalized community (Moskowitz 2017). The relevancy of this example to Ontario's context is the recent change in administration to Republican control (ibid.). Legislation is hostile to the poor, which has increased the rate of poverty in the region (ibid.). Unsurprisingly, the make up of the population is predominantly people of colour, creating an intersectional marginality of race and class (ibid.). The cooperative is also inspired by MCC. Using the leverage offered by 100 dues-paying members, 2 dozen plots of land has been purchased to generate economic activity outside of capitalism. Cafes and catering services are amongst the activities that takes place in this organization. They also buy up vacant lands to build community land trusts, in essence challenging the individualistic culture that is engrained in the dominant system.

What is perhaps most interesting about this organization is how they intersect cooperatives with radical black politics. With the lack of government support, there is no limits to how radical the coop can be. One of the goals in the near future is to create a sister network of cooperatives wherein coops buy and sell from other coops. Sister networks are an excellent

transitional path to pursue Albert's (2003) conceptualization of a participatory economy. The system exists parallel to our current system but outside of it with different rules of governance. Fundraising has mainly been done through donations. Although none of the examples noted in Canada have an explicitly radical political agenda like this nor have they achieved such scale yet, this example is still an inspiring possibility of what can be achieved in light of the constraints in Ontario, especially in terms of building sister networks to decrease the reliance on external environments.

Switching back to the Canadian context, we now explore some of the compatibilities and incompatibilities using interview data as well as literature on worker coops by examining main themes regarding the specific needs and priorities outlined by the case studies.

Interview participants were optimistic about the potential of the worker-coop model and for good reasons (interview). They commend the model for democratizing the economy by bringing democratic principles to the workplace (interview). Cooperatives with their radical roots can also be framed in a more political sense to challenge the institutionalization of marginalization as done in the US example. It threatens normalized institutional neglect by directly engaging with the populations primarily affected in a way to empower them to carve their own space in society. This case highlights differentiation between the social and solidarity economy. The social economy only ameliorates the negative impacts of capitalism whereas the solidarity economy goes further to completely disengage with it in order to challenge it. The more political a worker coop is with their principles, missions, goals, and values, the closer they slide on the spectrum towards the solidarity economy.

The potential of the worker coop model to address precarious employment through creating meaningful vehicles of employment is often its major selling point (interview). The flatter hierarchy inherently a part of the model impacts the power dynamics of workers in the organization; democracy and employee control is key (interview). In regards to immigrants specifically and their disproportionate presence in exploitative employment situations, cooperatives can be a useful tool. Their position as a newcomer to Canada with very little Canadian experience and often the lack of legal status puts them in a vulnerable position, one that many conventional business owners take advantage of. With the lack of a profit-driven owner or shareholders like in conventional organizations, any surpluses generated are reinvested back into workers or the business itself to acquire better equipment, for example (interview). The model values collective benefits over individual enrichment (interview). Putting people over capital further protects them from the threat posed by trade agreements that destroy local economies and the mechanization of labour (interview).

Worker coops can potentially reframe what may seem as a barrier initially to become a strength. The model affords workers to voice their concerns regarding language, religious restrictions, and family obligations in order to organize their responsibilities so they are not in contradiction for any of the above. The organization can be democratically organized in a way that leverages the strengths of individuals involved to mitigate the weaknesses of the group.

“The people cleaning houses do not necessarily speak English or much whereas the people answering the phone or management to liaison with the funders are bilingual. You can overcome the language barrier through cooperatives...In not an insignificant number of places where there are minority language groups of whatever kind, whether it be because they are recent immigrants or just because they are Francophones in Ontario and New Brunswick, coops are often prioritized because they help you preserve

your language because you can get all together in the language community and speak your language and of course, over time, people learn the majority language too. In the mean time you are working. On one hand, it's a barrier. On the other hand, if you deal with it right, it will be an advantage to preserving your culture" (interview).

"I think a lot of them have young children. They have restricted hours or maybe because of their beliefs, they maybe can't deal with you know like some Muslim women can't deal with non-family members. Maybe they do the sewing or something. They are making the product but somebody else is selling it so they don't have to [contradict their beliefs]. That could be a very interesting coop" (interview).

Cooperatives are democratically run by workers; the power to make decisions regarding the logistic details of how a coop will be operated also relies on them. This additional work is empowering and are often restricted to the owners of capital (Albert 2003). The democratic principle allows worker coop provides a safe environment for workers to voice their concerns regarding these issues.

Prioritizing people over capital also means that the place of employment is more than just a job; it is a place to grow professionally and personally, and benefit from knowledge sharing (interview). The lack of Canadian experience can be successfully combatted through the provision of such opportunities. Cooperatives can potentially serve as a training ground for immigrants to gain the appropriate skills to eventually become leaders of such enterprises. The pooling of skills and knowledge to establish the business in order to meet a common goal is an excellent way to achieve economies of scale for marginalized communities (interview). This was useful in both the daycare and teaching coop cases, where they collectively shared logistical duties, such as marketing. Moreover, it is an opportunity to bring together people with the same passions to engage in meaningful employment, which results in an increase of social capital

(interview). Groups of people coming together to pool their skills and knowledge, due to the scale it creates, better equips workers to compete with more established organizations

(interview). Seeing how community cohesion may already exist in certain places, this can be leveraged to form coops through ethnic enclaves. The sense of ownership that a coop offers can also be linked to a sense of fulfillment and security (interview). These are all factors that can improve the wellbeing of a newcomer in Canada. The additional barriers and the constant threat of remaining in the precarious economy may be present but the notion of power is shifted. This can be leveraged only when approached strategically.

However, if the worker cooperative is forced to exist precariously as the result of an unfriendly and hostile external environment, are the additional burdens and barriers worth the trade off of precarious workplace democracy? Besides a hostile external environment, there are some internal incompatibilities that need to be addressed. The answer to this question is not definitive. What is definitive is the fact that something needs to change.

Some of the more idealistic expectations of worker coops often do not translate to reality. To begin, there is very little representation of cooperatives in Ontario, especially when applied to intersectional marginalized communities (interview). Moreover, the cooperative model being pursued by marginalized communities tend to look very different from established worker cooperatives discussed (i.e. Urban Cyclist and Planet Bean), usually in the form of service-based cooperatives. Ontario's lack of cooperative history sets the tone for its future. In the same way, the lack of representation of grassroots cooperatives in the cooperative sector will continue to act as a barrier for marginalized communities to get involved.

Secondly, collective contribution and ownership, although it offers various benefits, takes time and a lot of work; decision-making and conflict resolution, unless perfected to an efficient process will also take up valuable resources (interview). Not to mention, vision alignment, a high level of trust, and commitment needs to be an inherent part of the group dynamics to premise worker cooperative development (interview). A common vision is not something that can be forced; it has to be inherent (interview). As a result of these difficulties, individuals, particularly marginalized people may prefer something familiar and more straightforward in terms of hierarchy and authority (interview). These issues were prominent in the conflicts within the daycare and teaching coops. If economic sustainability is the primary goal, then the association aspect may be somewhat of an obstacle as it offers no monetary value despite the amount of resources and time it may take (interview). It is a difficult balance to achieve and even established worker coops have a difficult time trying to reach the perfect balance (interview). In essence, valuable elements of the worker coop model can stand as obstacles for individuals unfamiliar with the model or find themselves burdened by other difficulties as a result of their positionality.

The barriers for marginalized individuals, including the external ones discussed in Chapter 2, are more intense due to their positionality (interview). For example, cultural difference, in the case of South Asian immigrant women intensifies how risk and monetary investment are perceived in addition to the gender norms that inform decisions around work and earning money (interview). Empowerment, deep discussions, and professional training must premise any cultural change taking place. Many individuals cannot afford to engage in this work as a result of falling in the low-income bracket and other commitments. Others are conditioned

by their cultural upbringing to have a negative perception of it. It is difficult to secure a living wage for established worker coops currently in existence in Ontario; the economic returns are often not high enough (interview). With all of these issues considered, marginalized individuals may not feel comfortable taking on such risks to engage with the classic worker cooperative model as a primary source of income (interview)

Second and third tier cooperative organizations acknowledge their limits in being able to sufficiently support non-marginalized individuals that actively seek out and pursue the model (interview). Their ability to be proactive in these spaces is severely hindered by the external factors discussed in Chapter 2. In past years, it has been the case that government programs with income thresholds generally do not succeed, especially not without additional infrastructure and resources, which is something the cooperative sector in Ontario cannot afford (interview).

Worker cooperatives in practice are not always at an equilibrium with social and economic solidarity, even less so in Ontario. The classic model does not account for the varying local contexts that determines the particular characteristics of the coop. A generic cooperative model would not effectively address the unique needs of different types of marginalized groups. I support this argument by reviewing the cases I discussed earlier. I begin by listing the most pressing need discussed during the interviews to then focus on which type of solidarity premised the other: economic solidarity or social solidarity. In all cases, both were valued by the coops but one usually takes precedence. In some cases, it can have a transitional relationship to one another; it can start off as one and move towards another.

I note the contrasts and similarities amongst the profiles presented (Table 4). I identify the two established worker-cooperatives, Urbane Cyclist and Planet Bean, as mainstream

worker-cooperatives, which have their unique sets of difficulties. The remainder of the cases are grassroots worker or informal coops dependent on skill-based labour, which face different obstacles due to their positionality and structure.

**Table 4: Summary of Participants’ Profiles**

<b>Fund</b>	<b>Urbane Cyclist</b>	<b>Planet Bean</b>	<b>Teaching Cooperative</b>	<b>Daycare Cooperative</b>	<b>Thorncliffe Park Women’s Committee</b>
<b>Financing</b>	Capital (seed, loans, CDI, and revenue)	Capital (loans, revenue)	Labour, Skills, Capital (CDI)	Labour, Skills, Capital (CDI)	Labour, Skills, Grants.
<b>Assigned Status</b>	Mainstream Worker Coop	Conventionally Incorporated with Worker Coop Owner	Grassroots Worker Coop in Intersectional Marginalized Community	Grassroots Worker Coop in Intersectional Marginalized Community	Grassroots Informal Collective
<b>Profit Orientation</b>	For-profit	For-profit	For-profit	Not-for-profit	Not-for-profit
<b>Solidarity Premise</b>	Economic <u>Solidarity</u> Social Solidarity	Economic <u>Solidarity</u> Social Solidarity	Social <u>Solidarity</u> Economic Solidarity	Social <u>Solidarity</u> Economic Solidarity	Social <u>Solidarity</u> Economic Subsidy

For Urbane Cyclist, social solidarity is afforded through securing economic solidarity. The upkeep of thoroughly stocked inventory and a store front at a prime location demands capital. Urbane Cyclist’s educational budget for professional development, which is adjusted yearly in relation to revenue projections, and the thank you package workers receive upon parting ways with the cooperative imply a sense of social solidarity as well. For this reason, I would argue that Urbane Cyclist stands closer to the classic model of a worker cooperative,

which is why I would typify them as a mainstream worker cooperative, which of course, is still marginalized in comparison to the larger sector in Ontario. In the case of Urbane Cyclist, one of their needs was accessible information of logistical aspects of the cooperative (i.e. bylaws). Access to universal worker coop templates that can be easily manipulated and tailored to different contexts would be useful. As mentioned previously the coop was financed with patient capital from the founder.

Despite some similarities to Urbane Cyclist, Planet Bean Inc. is quite different in how they utilize the cooperative model. Planet Bean Inc. was financed through loans and their cashflow. Although the principles they draw on are from the classic worker coop model, the way they have incorporated the business as a conventional corporation but situated it under a worker cooperative places them in the non-traditional realm using it as a tool, rather than an identity. Having separated the business aspect from the association aspect, Planet Bean has found a way to creatively navigate the additional barriers the external environment places on cooperatives. One of the needs identified for this organization was industry-specific expertise, technical business knowledge, and capital. Arguing that the coop model is already inherent and a part of all decision-making, it was identified that what is often needed is professional help on the business side of things. Similar to Urbane Cyclist, the prioritization of economic solidarity for Planet Bean secures social solidarity; the former affords the latter. Despite the non-traditional aspect of the cooperative, it stands closer to the mainstream cooperative economy as well in comparison to the other organizations discussed in this paper.

In the case of both immigrant cooperatives, social solidarity was used to leverage economic solidarity. In contrast, the non-profit daycare cooperative prioritizes social solidarity

over economic solidarity more explicitly due to the exploitative practices the women were attempting to eliminate with the use of the worker coop model. In practice, economic solidarity may never be achieved entirely perhaps due to the fact that the cooperative did not have a capital-intensive start. It is interesting to note that both cooperatives were backed by a non-profit organization, which served as an incubator and supported their work. What excludes these two cooperatives from the mainstream cooperative economy is the fact that these cooperatives are essentially financed by skills, services, and assets, in the forms of their home and other resources, rather than capital. Both cooperatives leveraged social solidarity to achieve economic solidarity. The case study of the Two South Asian Immigrant Cooperatives shared by Iffat Zehra outlines the need for more effective communication strategies and training when it comes to cooperative development. Creating representation for tomorrow's cooperative history within marginalized communities is another goal.

TPWC's main priority is social solidarity. They acknowledge that many of the women that access this organization has no intention of starting a business; the minimal income they acquire from the events and opportunities such as the park market model that the TPWC organizes is only meant to be complementary to a separate primary income source. In this unique case, social solidarity helps achieve partial economic solidarity. The essence of social solidarity is evident once again in the organization's goal to eventually become an incubation space that takes away the element of risk from budding immigrant entrepreneurs while they start and experiment with new innovative models and business ideas that are unique to their specific needs and skills. Economic solidarity, at the moment, is secondary. This organization falls in the grassroots and informal level, rather than the mainstream level because although they function

like a cooperative, they have not yet and may never formally incorporated as cooperative.

TPWC, being a volunteer-run organization, may eventually decide to pursue a different model.

This organization finds itself in constant need of financial support which is not easily accessible.

Their main source of funding comes from grants.

Besides the universal need and struggle for financing amongst the five cases discussed, each case is drastically different from the others, one is still in a completely different phase of development (i.e. informal and potentially pre-startup). They were formed by a diverse range of people for unique reasons through different pathways. The diversity of needs makes evident that the classic model is not an appropriate archetype to use in discussions on worker cooperative development within the sector.

This reality implies that the workshops being offered to educate individuals on how to form cooperatives need to be tailored to include a wide range of models itself to in order to attract and accommodate the diverse groups. This would allow the cooperative sector to distribute the benefits it offers to a wider demographic. Finally, these differences should also be considered whilst planning integrative pathways to strategically grow the sector.

In order to stray from the traditional model, I differentiated between the different cases using three points of distinction. Grassroots and mainstream within the cooperative economy composes the first point of differentiation. I extend this argument to include the respective relationship between social solidarity and economic solidarity internally as well. Finally, another point of differentiation includes the source of financing: service or skill-based capital and conventional capital. With the limited amount of participants and organizations I have interviewed, I do not have the authority to claim that this list of factors is exhaustive. However,

these variations should definitely be considered in studying worker cooperatives in marginalized communities. To view the list provided as in a dualistic manner may hinder understanding how they are practically applied. Rather, these differences should be conceptualized within a spectrum or a matrix. Finding a balance between the various dualities is vital to their success in a market economy designed to be hostile towards them.

The classic worker cooperative model, is not accessible enough to sufficiently address precarious employment amongst marginalized people in Ontario, specifically in the case of South Asian immigrant women. Several interview participants asked if these needs could be met through other models: not-for-profit charitable organizations, social enterprises, even sole proprietorship or partnerships (interview). In a later section, we discuss this further. What has become increasingly obvious is that in order to harness the full potential of worker coops in Ontario's resource dry context and to effectively include a diverse range of people affected by market or institutional neglect, a wide range of alternative pathways need to be explored (interview). For example, service-based cooperatives are an option but although it may offer a sense of social solidarity, it is unlikely it will be able to afford to offer economic solidarity. This is not necessarily a negative outcome.

Despite the difficulties the model currently face at the moment, the promising reality is that the model can be innovated to be more accommodative using what may currently be considered a weakness (interview). The unique histories, missions, and models should be acknowledged. However, before alternative pathways are pursued, a line of differentiation must be drawn between traditional cooperative and non-traditional cooperatives.

## **Emphasis on Differentiation: Identity and Definitions**

Another topic that requires nuanced understanding the notion of differentiation and collaboration within different conceptual definitions of organizations in the social or solidarity economy. Social enterprises are defined narrowly by some scholars and practitioners while they are defined more broadly at times. (Emmanuel 2012). The broader definitions often include cooperatives. The narrower definition stipulates that a social enterprise is a business venture that offers goods or services in the market but is owned and operated by a not-for-profit organization. Their return on investment is blended to include profits, planet, and people (ibid.). Moreover, the narrow definition of social enterprises can be extended to explore further variations of the model (i.e. simple social-purpose business, a non-profit organization controlling a simple social-purpose business, a non-profit running numerous quasi-independent social-purpose businesses, and finally, a non-profit parent supporting a number of social-purpose businesses) (ibid.).

The first definition supports the interchangeable use of the terms worker co-operatives with social enterprises. The second definition, with the requirement for a not-for-profit organization ownership offers a more detailed design of the model. It prescribes a distinction between worker cooperatives and social enterprises. The acceptability of both definitions in the sector serves as a source of major confusion which makes it incredibly difficult to place things in firm and definitive categories. Is this a strength or a weakness?

To navigate this ambiguity, I intentionally included a question regarding the difference between social enterprises and cooperatives in all the interviews. I asked participants why choose the cooperative model over the social enterprise model considering the additional obstacles they

would have to face as a result of choosing the former. From the responses received from participants, it is evident that they supports explicitly differentiation between worker-owned and the broader social economy.

“The sexy thing right now is social enterprises. [The Social Finance branch at the federal level is] focusing much more on social enterprises than cooperatives. I am obviously quite biased about cooperatives. I have tried to explain the differences to them. It will be interesting to see how that unfolds” (interview).

There is a clear line of distinction drawn between cooperatives and social enterprises. Although, the definitions are often merged together in literature and practice, there is something that makes them different. Perhaps it could be that cooperatives are more extensive and stringent than the other. Democratic control in the hands of workers is a requirement under Canadian law whereas, with the social enterprise model, individuals can choose how stringent they want to be. This does not have to be the case with social enterprises as there is no such structure stipulated by the law.

“Workers [social enterprises and BCorps], the most key stakeholders, they don’t control what’s going on. Someone else has decided this marginalized community needs some help. Let’s go set something up for them. What I observed in that space is quite a lot of professionalism. People who are professionals that are in there helping and doing quite well financially helping marginalized people who aren’t stopping to be marginalized and don’t really have ultimate say about what’s happening. It seems paternalistic to me. That’s being very harsh... They are often doing good things. It’s just that they could be doing even better things if they were structured in a way that gave power and structure to the people they are trying to benefit. It seems to be the fashion of the day to talk about social enterprises and BCorps because frankly, it’s easier [than a worker coop]... There are certain elements that you don’t have to include” (interview).

Cooperatives were predominantly discussed as coming from more radical roots and having transformational motivations than social enterprises in general.

In any case, the notion of paternalism adds an interesting element to this conversation. Cooperatives are inherently working against paternalism; the way the power is distributed in a cooperative is meant to be more horizontal. In an effort to adhere to value-based principles, the difficulty of initiating and maintaining the model is inferior to the impact it has.

“If you believe that capitalism is destroying the world and that you think that distributive economic structures are effective in combatting that destruction as opposed to structures that facilitate accumulation, then a key tool is the cooperative. If you believe that our world is becoming more and more unequal and that you want to stop that inequality, the cooperative is a really good tool. it’s a value-based answer. It’s not a rational answer from an economic perspective” (interview).

Despite the obstacles it poses, the value it creates by considering social and often ecological wellbeing makes it worthwhile. On a similar note, Iffat Zehra points out that adopting the cooperative model in the context of service cooperatives can provide the organization with a competitive advantage over conventional models.

“You have to have a non-profit organization which runs the social enterprise. For partnerships, are a cooperative structure. You already have so many barriers, why do you want to compete with all the other big tuition centres? There are several tuition centres in Toronto and BC. If you are making a tutoring centre, that means a partnership, and women of all skills are coming but there’s a closed document. if there are four people partnered together making a tuition centre, they have limited skills. Four people, four skills. What if you want to teach something else? By making a tutoring centre, you are competing with the big guys” (interview).

Considering all of these perspectives, when it comes to determining if merging the term social enterprises and cooperatives within the same definition is a difficult evaluation to make.

When cooperatives and social enterprises are merged together within the government initiatives, coops are often neglected or underplayed. The argument that cooperatives and social enterprises are not the same and should not be perceived in that way is valid due to their different

needs, motivations, stringency, and usage. When there is a clear line of distinction, cooperatives are absent altogether, especially in government initiatives. The attention that social enterprises are getting from the government is reason enough for optimism but is that enough? Why are cooperatives neglected despite having a legal status when social enterprises are celebrated despite the lack of one? While this is the reality that informs cooperative growth in Ontario, it is quite clear that a collaborative strategy may be useful in including marginalized communities in the cooperative sector but what will it mean for the identity of the sector?

“There was a program in Quebec that focused on social assistance recipients and what they had figured out from that program is you shouldn’t accept a government program that has that kind of an income threshold barrier. That would be the kind of space where social enterprise program would potentially be better. If you are required to work with people with very low income because they are going to have, most likely, so many other issues that the program is not going to succeed” (interview).

A hybrid identity might be what is needed in the case of marginalized communities; hybrid identities are not a new concept amongst social enterprises (Brouard et al. 2015). Can these tensions be leveraged to favour worker cooperative growth in Ontario? Furthermore, can they be used to include marginalized groups within the cooperative community?

### **Pathways and Integrated Models for Marginalized Communities**

There are several pathways to start a worker coop: start up, replication, succession or transition. Startups require an immense amount of work and resources due to the fact that they have to be built from the ground up. Inherent within start ups lies the risk of isolation unless it forms within an integrated network. Replication and succession have their own challenges, though much of the path is paved. Finally, transitioning, although is quite useful amongst

grassroots organizations, has not received a lot of attention. By transitioning, I mean creating a chain of phases: informal grassroots organization to social enterprise to a hybrid between a social and cooperative, for example. Perhaps starting as a grassroots informal collective and easing into the social enterprise model until empowerment through capacity building is enough to approach formalizing the work being done. Recognizing the heterogeneity of pathways facilitates their inclusion.

There are several iterations, some collaborative, some federated, and some staged, that are compatible with the worker cooperative model. These iterations that can be designed to ensure appropriate forms of support is essential in removing barriers for marginalized communities. The models discussed next are elaborations of interview discussions and the literature review.

The first idea is inspired by SUMAC. It is a central worker cooperative that owns various conventionally incorporated businesses in order to create an integrated network wherein individual businesses can support each other through procurement and sharing resources. This idea requires strategic thinking and cooperation amongst cooperatives, which is often a lot more difficult to practice in reality, especially in an environment that is not fully supportive of the cooperative model.

The second idea, using the interchangeable definitions of cooperatives and social enterprises, takes the form of a social enterprise to eliminate the additional burdens that a worker cooperatives faces in Ontario. Currently, there are no special laws governing social enterprises in Ontario (Brouard et al. 2015). As a result, capitalistic profiteers are taking advantage of this fluidity. Rather than distancing themselves, cooperative organizations can do the same as a way

to reclaim that identity, which is originally theirs. The by-laws directing the social enterprise would be heavily informed by cooperative principles. Informal cooperatives just starting out do not have to struggle with audited tax returns, which can cost more than the revenue they generate (interview). One critique of this model is the fact that it may not be stringent enough. In the case that it is successful and succession is properly built into this model, it may evolve and change culture as time goes by and the original founders have retired while new leaders have come in. This could be paired with the transitional pathway. Similarly, another idea that has been discussed and proven to have worked in this paper is a non-governmental organization (NGO) incubating worker cooperatives. The additional support these worker coops need were made readily available by the NGOs. This example is inspired by Iffat Zehra's work through CED4IM.

The last and final idea is informality, which echoes some sentiments found in the work TPWC is pursuing. Grassroots organizations using cooperative principles within the work they are doing but not formally incorporating as a classic worker cooperative due to the added demands it would place on the organization already facing multiple barriers. One negative aspect of this model is that they are generally excluded from the worker cooperative sector. They may be "too grassroots" so people may not know about them or the organizations themselves are unfamiliar with the larger federations and associations and do not invest in growing those connections. Because the CWCF does not require organizations to be incorporated as worker cooperatives to be a member as long as they adhere to cooperative principles, outreach is the primary barrier in this case.

Finally, the type of capital invested in a worker cooperative is another point of differentiation: economic capital or social capital. Capital-based cooperatives require start up

capital in the form of economic capital whereas as we have seen in previous examples, grassroots cooperative organizations within marginalized communities tend to depend more heavily on social and human capital. Granted it is more difficult to secure economic resiliency within the cooperative when starting off with non-traditional forms of capital, these cooperatives still have the potential to address unique needs of communities around social cohesion and support. It may be worthwhile to explore if there is any value to highlighting stories of these innovative, hybrid, grassroots, and informal cooperatives in order to grant them more legitimacy in the cooperative sector and beyond to inspire new collaborations, and thus furthering the inclusiveness of the sector.

In order for the worker cooperative sector to be more inclusive towards marginalized communities, the need to reorganize the sector both conceptually and in practice to take the shape of an ecosystem is necessary. The recognition of each of these models is a modest start. Next, finding mutually beneficial relationships between the enterprises already established and emerging ones of all different kinds to forming an integrated system should also be considered, specifically highlighting the role of second or third tier organizations.

### **Role of Second and Third Tier Organizations: Recommendations**

This subsection imagines ways in which limited resources available to these organizations can be stretched to have a greater impact on the cooperative sector to be more accommodative to intersectional marginalized communities.

A nuanced definition of cooperatives and social enterprises is useful in attempting to grow the sector. The confusion rooting from the different terms: cooperatives, social economy,

and social enterprise and their ambiguity caused by inconsistent usage in literature and reports can be a hindrance to worker-cooperative health in Ontario or it could be a blessing in disguise. There has been a pattern of rebranding cooperative activities in relation to social enterprises as a result of taking advantage of what Brouard et al. (2015) identify as the “the popular perception paradigm”. Building alliances with the larger social economy as well as the solidarity economy in Ontario and even nationally to create and benefit from mutual relationships. This idea is supported by one of the Rochdale principles or coops: cooperation amongst cooperatives. One avenue of building an integrated network amongst cooperatives could be through procurement. For example, a credit union buying coffee from a worker cooperative said worker coop utilizing the services offered by that financial institution. Housing cooperatives could form relationships with food worker cooperatives. Consumer cooperatives and worker cooperatives could also imagine a synergic relationship to build an alternative system. These connections could be extended beyond cooperatives to social enterprises with a progressive tilt. The idea is to extend the sector within the social and solidarity sector. What these relationships would look like depend purely on the needs and wants of the organizations involved.

Gaining government support is critical to nurturing worker cooperative growth, especially within marginalized communities. This could be done by tailoring lobbying efforts to ride the wave of popularity. Worker cooperatives could benefit from that positive image and headline space (interview) by leveraging what the government is prioritizing (i.e. social enterprises). While this raises awareness around cooperatives, a simultaneous push towards pushing for a systemic change can also be pursued. The two ideas discussed above can result in

increased representation of worker cooperatives within the Canadian economy and culture. The goal is to potentially raise the profiles of cooperatives.

The fourth and final benefit of reconceptualization is option through paving alternative pathways and building hybrid models. Using the blurry definitions, grassroots organizations may be more encouraged to pursue transitioning into worker cooperatives or constructing hybrid models that borrow certain elements of the cooperative structure, for example, the governance model, into their daily operations. As seen in an earlier section, marginalized communities are better accommodated by models that are not necessarily traditional or concrete; they need flexibility. The room for exploration and experimentation offsets the intensity of the barriers they face, whether it be in the form of language barriers or aversion to taking financial risks due to cultural beliefs and values regarding gender.

The worker cooperative sector needs to be careful about the dilution of cooperative values. This is a weakness that emerges as a result of using the worker coop model as a tool as opposed to using it as an identity. Embedded this awareness in any initiatives pursued and active care is taken to always align projects to the commitment to value-based democratic principles is key in ensuring that the cooperative movement itself is not co-opted. The strategies outlined in this section carry many risks, some unforeseeable at the moment, would benefit from further discussions and debate in order to be refined further. In an integrated system, a thorough evaluation of an organization's motives and principles could be the ticket to being included.

Working with the resources available, one of the ways the cooperative system can be reorganized is by re-situating the role of cooperative developers. Several worker cooperatives have expressed their concerns regarding the requirement of having cooperative developers

attached to funding options. If a large portion of the funding secured is spent on a cooperative developer, there often may not be enough to bring the proposed vision to fruition.

“So we can money to hire them to do this but if we already knew what we wanted and needed, we couldn’t get the money to do that. So essentially, the coop developer was a barrier to us to accessing capital because we never believed the conclusion were necessarily the same. There was no funding for the actual implementation of that” (interview).

Additionally, the expertise of cooperative developers often are not compatible with what different types of worker-cooperatives need. For example, an established cooperative interested in exploring a marketing strategy or supply chain option specific to a certain industry may not benefit from the in-depth knowledge a cooperative developer may have on cooperative law or governance structures. This is not to say that cooperative developers are irrelevant because they are vital to extending cooperative growth amongst communities that are interested in worker cooperative development but lack the knowledge on where to begin and access to a network of supporters.

However, the diversity of different types of worker cooperatives should be reflected in the diversity of expertise developers have to offer or in extension, how funding is disseminated. Otherwise, the investment is redundant and therefore, inefficient, which is something the sector cannot afford if it wants to thrive in a resource constrained environment.

Here, a federated system that behaves like SWAT team is one model that could be pursued in Ontario. The idea discussed is based on a real example: Consortium de Ressources et D’Expertises Cooperatives in Quebec. Accessibility and efficient usage of resources is key for worker cooperatives already plagued by the lack of access to capital.

“So the consortium has about 45 to 50 professionals and these professional

all go and help the federation and the individual coops. For whatever reason, my website needs upgrade and I don't want to hire a full time communications person because I don't have the money to do that. I can access someone that is skilled in that and also understand coops for a fee. Really good service because what happens is that something generally. it take a lot of time to manage the association side and there is no monetary gain on that" (interview).

An interesting possibility of rearranging the cooperative ecosystem is through the replication of the Consortium de Ressources et D'Expertises Cooperatives paired with that of the SUMAC model. The two would exist parallel to each other except for certain points of intersection when needed. Next to the Consortium de Ressources et D'Expertises Cooperatives, the idea of SUMAC centres around the notion of ripping out the back end of businesses and placing it under one organizations to create a federated system so the business side of things are not burdened by additional responsibilities of managing the association side (interview). This system would be more integrated.

The system would be composed regional networks, a diverse range of organizations, and second and third tier cooperatives to synergistically find mutually beneficial relationships within this system (interview; Mance 2014). Communications, accounting, marketing, etc., elements that have become staples of owning a small business would be conducted by those passionate about providing said services. Ownership and decision-making are collective but liabilities are not. In the case that one of the businesses begins struggling, the rest of the ecosystem would move resources around to avoid a crisis, much like how MCC functions (interview). The employer is the worker coop, which sits in the back end of the businesses. Upon meeting the requirements, workers can apply to become members and shift employers from their respective business to the core worker

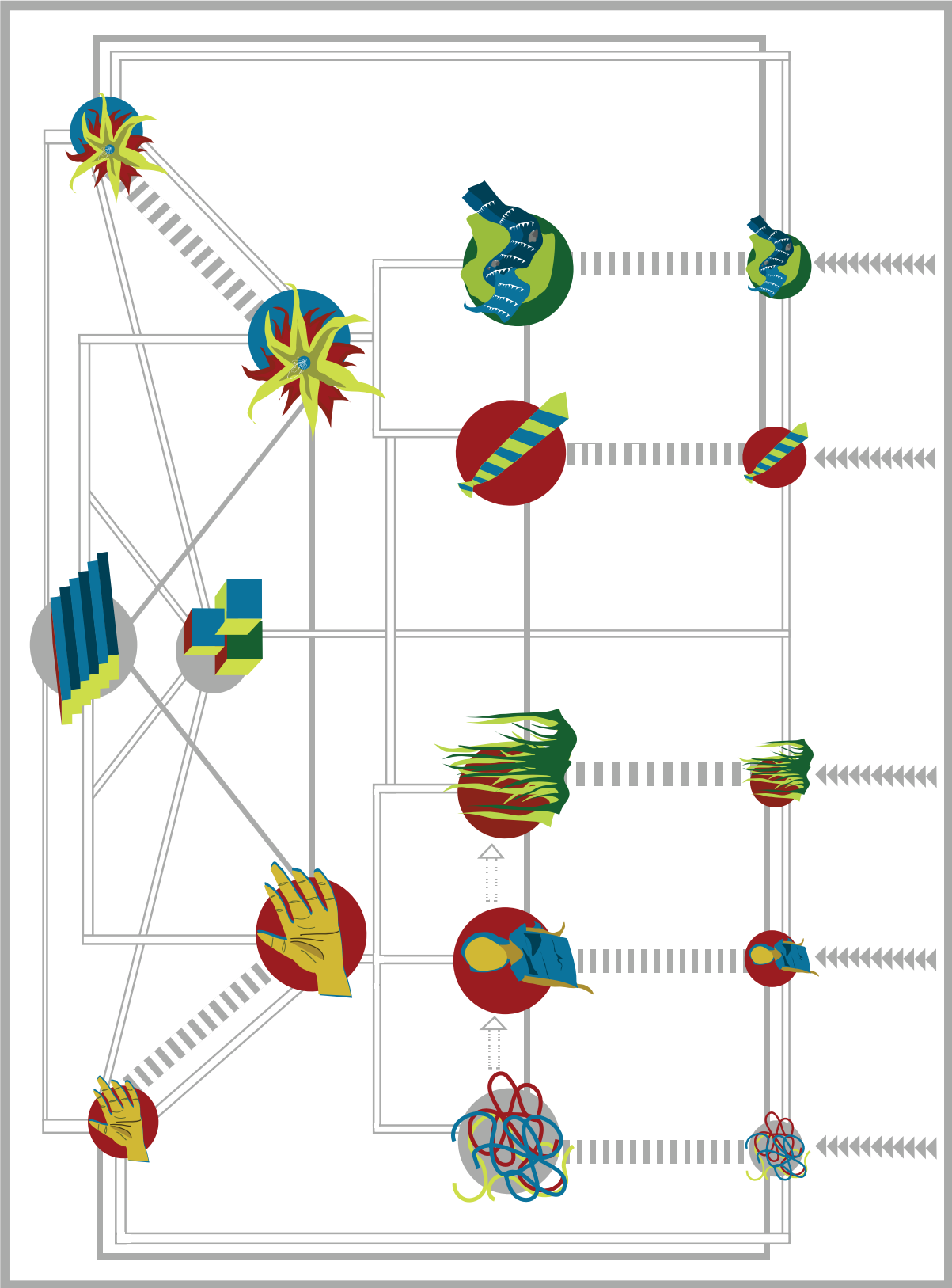
cooperative. Cooperative culture would be embedded within the businesses but at the same time, they would avoid the barriers that cooperatives currently face in Ontario. It is vital to ensure that as the organization gets larger, the commitment to cooperative principles is not diluted through regular training sessions for ongoing education and knowledge sharing alongside having a limit the size each organization in terms of geographic region.








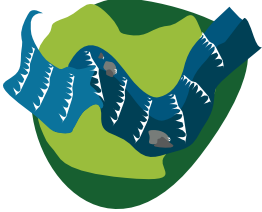


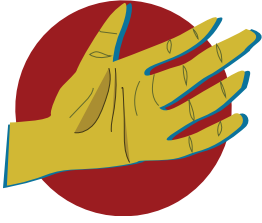

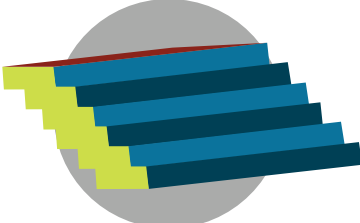

“SUMAC was originally designed as being a regional company because you want to have proximity in order to make intelligent business decisions...if you could have a SUMAC in every regional area and it grew to 500 members, then you really have quite the cool transformative economic engine, especially if all of those linked. If you had a whole bunch of community worker coops linking the nation” (interview).

The idea is to create a small-scale ecosystem alternative based on resources available. One of those ecosystem is based on offering cooperative and business expertise in time before a big crisis. The other is based on the notion of separating the business from the governance structure to ensure worker democracy while still ensuring efficiency and limiting liabilities through interconnected regional networks (i.e. elaborating upon and replicating the SUMAC model across the province). An integrated system that can find a way to incorporate the two systems discussed could encourage cooperation amongst cooperatives to further inspire mutually beneficial relationships within organizations that may be quite different from another. Esteves (2014) cites the possibility of formal institutions assisting grassroots organizations with acquiring resources they may be barred from as a result of their informal status.

As noted in Figure 3, NGOs support grassroots and informal organizations to include them in network. Established operations and mainstream cooperatives are also nested within a parent cooperative organization so they can be integrated. A federated system such as this offers

Figure 3: An Integrated Cooperative System



				
Supply chain integration through procurement	Transition from one model to another	Succession	Replication	Support
				
Conventional Corporations	Social Enterprises	Mainstream Worker Cooperative		
				
Grassroots Worker Cooperatives	Informal Collective/ Cooperatives	NGOs		
				
Cooperative Developers	Second/Third Tier Organizations	Regional Networks		

flexibility in tailoring support to diverse needs. The diagram acknowledges the potential pathways for cooperative development: replication, succession, start-up, and even transition as a viable pathway for grassroots cooperatives.

NGOs house informal collectives, social enterprises, and grassroots worker cooperatives whereas regional cooperative organizations embodying SUMAC's structure house conventionally incorporated businesses and mainstream worker cooperatives. Transitioning is limited to the marginalized organizations housed under NGOs for flexibility and additional support needed whilst still including them meaningfully within the sector.

In order for mutually beneficial relationships to form within an integrated network, it is important that there is a democratic and strategic outlook adopted. In order for them to find a niche within this alternative ecosystem, it is important that the products or services they offer serve the needs of the other businesses within the sector. The notion of consumer and worker councils, as discussed by Albert (2003) in *Parecon: Life After Capitalism* can be applied in this situation. A tiered system of councils would sufficiently carry out both centralized and decentralized decision-making.

Finally, combining succession and replication, two promising pathways in the cooperative sector, while also allowing them to occur independently is an interesting idea to be pursued further. Rather than starting from scratch, working with established businesses may be an efficient way to expand the cooperative sector. Growing the regional bodies in a strategic way in order to house new businesses is another feasible way of covering a larger geographic region without risking the dilution of workers' rights or harbouring inefficiencies. Similarly to how the cooperative sector exists today, the federated system would connect second and third tier organizations to the cooperative businesses in development. In the new model, however, the connection would be sustained through the housing regional networks and NGOs.

To extend further, I draw from Michael Albert's *Parecon: Life After Capitalism*. What benefits would a regional network offer? A regional network could be the means to securing democratic and strategic governance. Governance would be determined by democratically selected councils wherein decisions would be made about what kinds of cooperatives to start. This council would be seated within a portion of the regional network that maintains the back end of all cooperative businesses. Currently, cooperatives exist within a silo, disconnected from each other. If strategic outlook and an integration were woven into existing structures, the sector would be closer to achieving the goal for a truly participatory economy. The idea is to inspire a participatory economy parallel to the capitalistic market economy. Nesting the worker cooperative movement within an alternative economy wherein enterprises are committed to supporting each other will allow for more inclusion.

This idea is quite abstract and there are numerous intricate logistical and ethical details that need to be considered before pursuing it any further. How are the councils structured? What part of the larger organization do they occupy? Through what process are councils selected? How are those outside of the cooperative sector included? What approach should be taken for conflict resolution? How will organizations be recruited or developed?

Considering the lack of popularity of the cooperative model, how would marginalized communities be connected to the model? In other words, how would model be implemented? Will it be through community leaders or external actors from the sector? What are some ways to ensure that skewed power dynamics created by diverse positionalities are not a part of the equation?

At the CoopZone-CWCF Solidarity Works 2016 Conference, Jessica Gordon Nembhard (2016) had an impactful response to build bridges between groups with unequal power dynamics. She drew a distinction between approaching marginalized individuals with ideas for economic empowerment, such as cooperative development, inherently from a place of power and encouraging marginalized individuals to join together and come from a place of power in order to make equal uneven power dynamics. This way, the power they bring with them is shared, rather than being given to them. The former implies empowerment and equality whereas the latter implies charity.

Returning to the notion of paternalism, external actors taking the leadership position in the traditional sense to “give” power to marginalized groups inherently creates power imbalances; one group has more power, enough to give to a less powerful group. Discussions around solidarity economics that occur through shared power is more productive than through power being given to the marginalized group.

Duguid et al. (2015) identify four paradoxes that cooperatives in Canada face, one of which is the paradox of member engagement and diversity. The paradox encompasses the conflict that occurs as a result of the goal to increase member engagement and diversity threatening fluid governance. With diversity as a priority, inherent tensions are added to group dynamics when member interests, needs, and ideas do not align perfectly. Although it is useful to acknowledge this paradox, it is also worthwhile to consider what kinds of solutions may be suggested to minimize its impact. One solution may be to form cooperatives with individuals with similar needs and interests, which may lead to homogenous cliques of individuals. This is only natural. Rather than focusing efforts of diversity within cooperatives, the focus should shift

to the context of the entire sector. A practical way to bridge the paradox of diversity and governance is to approach existing grassroots organizations in marginalized communities to explore collaborative pathways in cooperative development.

“ The traditional template of offering those workshops, I am not comfortable with. I feel this community needs different approach. One size doesn't fit all. I make lots of changes even when I am doing a simple thing. It's a custom made, that fills it with the needs of the community. That is the cooperative model I am looking for, that's suitable for this community” (interview).

Any strategies formed should be informed by a better understanding of how diversity fits into the cooperative sector. Diverse needs calls for diverse measures.

As suggested by Iffat Zehra, one way to promote the cooperative model amongst immigrant communities is through placing advertisements in cultural newspapers regarding workshops, conferences or for recruiting members (interview). The success of this method heavily depends on how they are designed and what methods are used to appeal to respective demographics. Another way to do so is by directly contacting local grassroots organizations that have an established relationship with their respective community. The goal is not to co-opt pre-existing efforts but to magnify them through collaboration (interview).

“If [other organizations] have any kind of interest [in doing similar work] or they see that they have resources, I think they should be supporting the existing groups but not re-inventing the wheel” (interview).

A community with a dire need for a grassroots organization to doing work around empowerment and local economic or social community development approached by an larger organization is vulnerable to paternalism and co-optation.

Initiatives would have to begin with education or knowledge sharing as a first priority to grow the cooperative culture within marginalized communities. Workshops and discussions have to be tailored to the communities that are approached. Otherwise, it risks being irrelevant and therefore, a waste of resources. Iffat Zehra recommended the need for a management role in second and third tier coops dedicated to doing this work, preferably somebody with expertise in working with different kinds of marginalized communities and grassroots organizations.

Overcoming the fear of failure that influences decision-making in the cooperative sector is absolutely vital. While the fear of failure lingers, the sector cannot be truly inclusive, even more so if it insists on maintaining a rigid identity. Pragmatic solution such as, hybrid organizations or informal worker cooperatives, rather than incorporated cooperative enterprises with economic solidarity as a primary goal should be leveraged. People have vastly different definitions of what a cooperative is in Ontario. This is even more so the case nationally and internationally. In order to include a diverse range of people through coops in Ontario, these diverse definitions must at least be acknowledged and even leveraged to grow the cooperative movement considering the limited resources it has to grow on its own. Communications need to be designed to reach these different types of organizations, rather than being homogenous.

Until larger systemic changes can be made in the long-term, pragmatic short-term solutions are needed to ensure that the worker cooperative model is more sufficient in addressing precarious employment within marginalized communities, considering the low resource environment. The ideas suggested in this section are exploratory and would benefit from further discussion and research.

## CHAPTER 4: CONCLUSION

Initially, my concept of diversity in the sector was limited to increasing diversity within established worker cooperatives rather than increasing accessibility of the model to a diverse range of people. Upon settling on the research question I have pursued in this paper, I came to the realization that this assumption is quite prevalent within conversations I have observed and needs to be challenged. Also, many of my thought processes were grounded within the assumptions constructed by our current market economy. Upon spending time with literature on the topic and speaking to participants, it became evident that my assumption needed to be challenged. The cooperative sector would benefit from openly address in these assumptions in order to reorient itself.

Diversity can be analyzed in different levels and scopes. Diversity can be examined by looking at the positionality of an individual and their willingness and ability to engage with the wider cooperative sector. It can be analyzed through examining worker ratios within an established organizations. Diversity can also be also be analyzed through looking at at the demographic senior level decision-making and management positions within the sector. I found that lack of diversity acts as a binding agent that is very important in creating a unified vision for individual cooperatives. However, the lack of diversity should not extend to wider sector or within senior-level positions. The focus of diversity should be on a sector-wide basis rather than on individual cooperatives. Inclusion of diverse groups of people needs to be systematically facilitated within the sector for it to be meaningful. Focusing purely on diversity within individual cooperatives will at most, lead to tokenistic hiring practices.

From casual conversations I have had with people regarding my research topic, the response I have received has often had a paternalistic attitude which implies that marginalized people and communities are composed of completely helpless individuals with no skills or agency. This is problematic. Support and encouragement from established organizations would be helpful but, the notion that things need to be done for them and not with them takes away their agency. The focus should be on engagement, not provision.

The diversity agenda must accept the different types of organizations that can take root within the worker cooperative sector: grassroots cooperatives, skill-based cooperatives, informal collectives, etc. Finding a way to integrate these formats amongst established mainstream cooperatives would be an excellent way to pursue diversity within the sector. The inclusion of individuals from diverse backgrounds in various collectives started within and by these communities could be supported through collaboration and integration of supply chains in creative ways amongst established organizations in the sector. Next, there is the issue of outreach. The realization that there is no need to reinvent the wheel is vital. As external actors with no prior relationship to the community, it may be best to approach existing grassroots organizations already engaging with the community to collaborate with them, which would in the long run, make efficient use of scarce resources.

The worker cooperative sector could also use strategic sector-wide planning as a tool to ensure cooperative success and support the diversity agenda. Using regional networks and councils as the means to replicate the notion of integration is a great way to inspire solidarity and experiment with participatory economics, a vision that aligns with what the cooperative

movement embodies. This would be an excellent way to make efficient use of the limited resources available in Ontario's context.

### **Summary of Arguments**

Worker cooperatives struggle to address precarious employment in Ontario, even within some established worker cooperatives. The barriers are more intense amongst individuals in comparatively disadvantaged positionalities. The sector's ability to extend inclusivity is informed by its appetite for risk and failure, which is very low due to four major constraints: lack of cooperative history, cooperative education and culture, government support, and cooperative capital. To address these incompatibilities and inhospitable external environment, I propose that the worker cooperative sector build an alternative, interconnected system to combat isolation amongst worker cooperatives and other social and solidarity economy organizations. I propose pursuing hybrid models and integration through a federated network built on democratic, strategic and mutually beneficial relationships and procurement. Building a network and presenting a united front may increase the political clout in the sector, which can then be used to pursue government support and growth the cooperative culture in Canada.

My recommendations are a result of abstract thinking informed by the interview discussions and the literature I have encountered during the research process. None of these ideas are guaranteed to make the cooperative movement successful and to result in the inclusion of marginalized communities overnight. A lot of hard work, further research, and experimentation will no doubt have to premise any small victories.

## **Further Research**

Firstly, recognizing the colonial roots of the cooperative movement urges for the need for constant reevaluation of its purpose and identity. History cannot be changed but reparations can be made. Acknowledging Indigenous and other cultural knowledge systems and their value as fuel for the cooperative movement to nurture inclusive relationships with Indigenous communities in particular, and other marginalized communities is one of the ways to proactively ensure that the future of the cooperative movement looks nothing like its discriminatory past. In regards to the future of cooperative education, Iffat Zehra, one of the participants, shared the idea of mapping motivations of individuals to join the coop sector. This would be an interesting entry point to understand how to reorganizing our educational system in order to create a more cooperative Canada.

Thirdly, exploring ways in which synergic relationships can be formed between existing organizations within both the social and solidarity economy to further examine alternative models, such as regional organizations that support integrated networks would be useful. The power of procurement may be key in growing the cooperative sector. Future researchers could explore ways in which principles of participatory economics can be practically applied to determine the logistical details of the proposed system. An interesting topic to explore would be to see how the concept of time banking can be used to redefine the notion of currency and value to expedite the process of becoming independent from the capitalist system. The potential for creativity is unlimited.

Furthermore, the image of a one-size fits all worker cooperative must be shattered through comparative and empirical studies between different types of worker cooperatives to

establish success and failure factors as well as needs. An entry point to exploring this further could be through creating profiles of different worker-coops across Canada. The assumption that no two worker-cooperatives can be the same acknowledges the reality of diverse people and diverse needs.

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