Should I Stay or Should I Go? Normative Member Commitment in Co-operatives

Iiro Jussila1, Dietmar Roessl2 & Terhi Tuominen1

1 Lappeenranta University of Technology, School of Business, Lappeenranta, Finland
2 Vienna University of Economics and Business, Research Institute for Co-operation and Co-operatives, Vienna, Austria

Correspondence: Iiro Jussila, Lappeenranta University of Technology, School of Business, Lappeenranta, Finland. Tel: 358-50-465-9899. E-mail: iiro.jussila@lut.fi

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Abstract

Research on co-operative organizations has posited member commitment as a critical issue for sustainable and successful co-operation. To our knowledge, none of the previous works have focused on normative commitment to map accumulated knowledge on the members’ sense of obligation to maintain patronage of the co-operative. It is towards these ends our work is directed. More specifically, our paper creates value for future research and practice of co-operation by identifying four sources of normative member-commitment: 1) coalition awareness, 2) internalization of co-operative philosophy, 3) identification with the coalition and 4) recognized realization of co-operative values and principles.

Keywords: co-operative, membership, ideology, normative commitment

1. Introduction

Member commitment has attracted notable scholarly attention in the study of co-operatives (e.g., Jussila, Goel, & Tuominen, 2012; Jussila, Byrne, & Tuominen, 2012; Bijman, 2011; Unterrainer, Palgi, Weber, Iwanowa & Oesterreich, 2011; Jiménez, Martí, & Ortiz, 2010; Byrne & McCarthy, 2005). Co-operatives are autonomous associations of persons or entities who voluntarily come together to meet their common needs through a jointly-owned and democratically-controlled enterprise (Novkovic, 2008). Within their business-model co-operatives aim at mobilizing resources via the relationships with their members (suppliers in the case of marketing co-operatives, buyers in the case of purchasing co-operatives, volunteers and donators in the case of social co-operatives) (cf. Evers 2001; Valentinov 2004). The reason for the interest on member-commitment is that it is a prerequisite for continuous resource mobilization (if members are not committed to the co-operative, they will not be ready to make their resources available to it). Thereby, member-commitment is seen as an essential antecedent of successful and sustainable co-operation (Fulton, 1999; Münkner, 2000). It can be considered as a variable capturing the likelihood of a member choosing to maintain her or his membership and patronage in the co-operative. As Fulton (1999) put it, member commitment is “a measure of how well a co-op is able to differentiate itself from an investor-owned firm (IOF). The greater is the co-op’s ability to differentiate itself from an IOF, the easier it is for the co-op to retain its market share as borders breakdown and as multinationals move into markets they have traditionally ignored” (p. 418). Further, Münkner (2000) argues that “the main source of co-operative advantage is an organised membership group, members’ commitment and member loyalty” (p. 89).

Following a popular model of organizational commitment (Meyer & Allen, 1991), this important qualitative feature of member-co-operative –relationship has been conceptualized through three dimensions: (1) continuance, (2) affective, and (3) normative (e.g., Jiménez et al., 2010; Byrne & McCarthy, 2005). The first dimension is calculative and rational in nature; referring to a member’s need to stay in order to gain the benefits (rewards-costs) of membership. The second dimension refers to a member’s desire to stay as a result of a social psychological attachment to the co-operative. Finally, the third dimension reflects a member’s sense of obligation to maintain membership and patronage in the co-operative.

Recent studies on co-operation have gathered together ideas on continuance commitment (Jussila et al., 2012)
and affective commitment (Jussila et al., 2012) along with their antecedents. So far, the normative dimension of member commitment has received far less attention. This is not only true in the context of co-operatives, but more generally (Glazer, Daniel, & Short, 2004). Jimenez et al. (2010) are amongst the few touching this topic in the co-operative context. They have investigated the different bases of member commitment and argue that following factors operate as antecedents to normative member commitment in co-operatives: 1) family and cultural socialization, 2) organizational socialisation and 3) institutionalization of norms. They note that as a consequence of socialization and institutionalization of (co-operative) norms, the members will (to varying degrees) consider it the right and moral thing to do to continue membership and patronage of the co-operative, even in the case the co-operative fails to deliver the economic value that is the basis of utilitarian commitment (e.g., when the co-operative’s price is not favourable as compared to prices of the competitors) (Fulton, 1999).

Thus, normative commitment is central and norms asking for the members’ commitment are important governance mechanisms in co-operatives (Roessl, 1996). Due to these norms the members can to a high extent rely on the others’ commitment. If, on the other hand, these norms crumble, free-rider problems are likely to manifest themselves.

It is also seen that normative member-commitment plays an important role (e.g., as compared to continuance commitment) since economic benefits of membership are quite often difficult to measure and to prove and as commitment in “third-party-focused co-operatives” (co-operatives not aiming at the benefits of their members but of third parties) cannot be explained and managed by focusing on rational cost-benefit considerations.

In this study, we follow the above work by focusing on normative commitment and its antecedents in order to develop a model of normative member-commitment in co-operatives. By reviewing extant studies on commitment in co-operatives we aim at answering the following question: What are the sources of normative member-commitment in co-operatives? We move beyond existing literature by bringing together fragmented pieces of knowledge on the topic. This can be seen as creating value to research of co-operation in general (e.g., Jimenez et al., 2010) and of the sources of competitive advantages of co-operatives in particular (e.g., Tuominen, Jussila & Tuominen, 2013; Tuominen, Tuominen, Tuominen & Jussila, 2013). In addition, managers are likely to find value in our mapping of variables that are seen as antecedents to normative member commitment.

This paper is organized as follows. We will first take a brief look at how normative commitment has been conceptualized. Next, we develop proposals on the connection between particular antecedents and normative commitment, including also on some moderators as they can be identified from the existing literature.

2. Normative Member Commitment and Its Antecedents

In order to understand normative commitment of organizational members we need to define the function of norms is in the context of social organizations. A social norm concerning a specific action is a collectively defined right by others to control an individual’s action (Coleman, 1990). Different kinds of norms exist in all organizations. In co-operatives, norms have traditionally been very important, which is reflected in the principles of democracy on the one hand and accountability of the members to the collective on the other hand (Jussila, 2013; Novkovic, 2008). The importance of norms can be understood considering that if there is in a co-operative the norm that a member is expected to show acceptance of the collective goals, the others can trust on this behaviour and will push the member to obey as deviant behaviours are sanctioned.

Active and continuing membership is a key goal in co-operatives – one that is determined by the nature of the co-operative model in which members are mutually dependent on one another in value creation processes (Jussila et al., 2012). Thereby, according to Byrne and McCarthy (2005), normative commitment reflects the member’s sense of duty to remain a patron because s/he feels as though s/he ‘ought’ to maintain that relationship. This sense of moral obligation can be seen as manifesting itself when a member considers that opportunistic behaviour (e.g., free riding and taking advantage of the public goods provided by the co-operative) is wrong and the member thereby is willing to maintain her/his contribution (Fulton & Adamowicz, 1993). In other words, normative commitment relates to moral considerations and personal values (i.e., what is the right and proper course of action) and not on calculation or social psychological attachment (Byrne & McCarthy, 2005). Further, the mindset of obligation is distinguishable from a mindset of need or desire (cf. Meyer & Parfyonova, 2010). Following these ideas, we see normative member commitment as a variable reflecting the extent to which it is likely that a member will give a positive answer (a “Yes”) to the question: “Should I maintain my membership in (patronage with) the co-operative (as ‘staying’ is the right and proper thing to do)?”

As introduced, an important question asks: what are the sources of normative member-commitment in co-operatives? According to Fulton (1999), a source of member commitment must be one that makes a distinction between the co-operative and alternative organizations (i.e., differentiates co-operatives from for
example investor-owned competitors). Thereby it is not surprising that existing literature more or less explicitly links co-operative ideology and associated ‘co-operativeness’ to most of the sources of normative member-commitment. It is seen for example that a member will sense stronger obligation to stay to the extent s/he prefers doing business with an organization that is collectively owned and democratically controlled by the users themselves and not for example by investors or merchants.

Another important question asks: how can a co-operative promote normative commitment? The close connection between co-operative ideology and normative commitment is well manifested in co-operative literature that often refers to normative commitment as ‘ideological commitment’, which may be difficult to build but which is very persistent and creates lasting loyalty (Byrne & McCarthy, 2005). According to Byrne and McCarthy (2005), co-operatives can build ideological commitment for instance through education and institutional marketing activities – which can be seen as part of the toolbox (principles) for successful co-operation (Novkovic, 2008; Valentinov, 2004) – that serve to maintain and communicate the distinct ideology co-operatives are built on. This serves to facilitate awareness of coalition membership, identification with the coalition, internationalization of the co-operative philosophy, and the recognized realization of the co-operative values and principles – and thereby help the member of the co-operative answer the critical question as follows: Yes I should maintain my membership as I am part of a coalition that will have less power without me. Let us discuss on these sources of normative commitment in more detail.

2.1 Awareness of Coalition Membership

According to Fulton (1999), a member may choose to do business only with a co-operative even if other choices are available: “there are people that will never do business with anywhere but at a co-op” (p. 427). Fulton (1999) sees that such preference reflects member’s awareness of being part of a distinct collective with a joint mission against “capitalists and business barons” (p. 423) who would exploit the weak actors if they did not have their own firm to promote their interests. Such awareness reflects the development of a concept of a shared enemy, as will be the case when the members perceive as facing common external threats.

In other words, there has to exist an awareness of coalition membership for members to be identify themselves with a certain coalition. For example, consumer co-operatives have often been established as means to cope with problematic relations with the environment. That is, the establishment of a co-operative has been perceived as a good strategy to secure the affordable production of services to members in rural areas (see Tuominen, et al., 2013). Thereby, coalition awareness is likely to exist within a membership as co-operatives are, according to Hansmann (1996), tools of the weaker actors in markets to gain negotiating power in their interorganizational network (cf. Pfeffer & Salancik, 1978). It is critical for the market power that coalition members commit themselves to the patronage of their co-operative, as any ‘slipping from the lines’ will be ‘playing to the hands of the enemy.’ Thereby, in a highly aware co-operative coalition it is likely that the normative pressure to actively transact with the co-operative and to not look elsewhere will be strong. If these pressures have not become internalized, the members are more likely to control and monitor behaviour through linkages with rewards and punishments (Wiener, 1982).

Coalition awareness is believed to vary across different contexts. First, coalition awareness may vary depending on the value-orientations of the members. That is, co-operative literature (e.g., Birchall & Simmons, 2005; Simmons & Birchall, 2004; Fulton, 1999) suggests that those individuals with a collectivistic set of values are more likely to sense an obligation to maintain membership and patronage in the co-operative than those with individualistic values. Collectivistic individuals are by definition likely to lift their reference to the collective level and pay attention to collective action and collective outcomes (Wagner & Moch, 1986). Second, different kind of local, regional or national (societal) contexts may be more-or-less supportive of coalition awareness. In the German speaking world, for example, consumer co-operatives have been one of the three “pillars” of the socialistic movement (party, union, consumer co-operatives, the later sometimes closely linked with a “workers’ bank”). Co-operatives are sometimes even hyperbolized as a means to solving more or less all social problems. Given the recent economic developments in Europe and elsewhere, the spreading of such thinking might not be an entirely out-dated source of commitment. Members may show commitment to their co-operative as they see it as their life raft in the riptides of globalization and international economic crises. Noteworthy, our reading of the work of Byrne and McCarthy (2005) suggests that such considerations and the members’ coalition awareness (and thereby normative commitment) may be promoted by education and institutional marketing activities focusing on the communication of the co-operative difference and identity.

Thus, we propose:

Proposition 1a: There is a positive relationship between a member’s coalition awareness and the member’s
Proposition 1b: The positive relationship between a member’s coalition awareness and the member’s normative commitment is moderated by collectivistic values.

Proposition 1c: Coalition awareness mediates the relationship between the communication of the co-operative identity and difference and normative commitment.

2.2 Identification with the Coalition

While coalition awareness is important for normative commitment to take place, so is the quality of the relationship of a member with the coalition. As Jetten, Postmes, and McAuliffe (2002) argue, the stronger the individual is attached to a group (in this case the co-operative coalition), the more likely it is that the person will turn to in-group norms as a guide for behavior and less likely to use exit strategies. In other words, norms are more likely to be internalized when an individual clearly identifies with a particular group as it is often the case for co-operative organizations (Berg, Dickhaut & McCabe, 1995), such as with defensive co-operatives formed by employees in order to preserve jobs on the closure of a business (cf. Cornforth, 1983). Situations (e.g., of external treat) in which coalitions are formed foster to some extent the sharing of social identity (e.g., Gundlach et al., 2006) and social capital (Spear, 2000). They also increase group cohesion (e.g., Carron, 1982) and feelings of togetherness among members. Under these conditions a member is likely to experience normative pressures to act consistent with the expectations of the member collective (cf. Meyer & Parfyonova, 2010).

According to Jetten et al (2002), the following of social norms is likely to be associated with the extent to which a collective experiences unity amongst its members. In addition, these authors suggest that individuals who strongly identify themselves to a certain social entity are more willing to work for that entity, give priority to collective goals, conform to shared standards and norms and be attentive to needs of other members. Consistently, sociological group research (cf. Molm, 1991) points to the fact that members of groups with high cohesion are ready to engage themselves for the group fully, to invest time and other resources to the achievement of group goals. In other words, they show commitment (Lawler & Yoon, 1996; Steinmann & Schreyoegg, 2005). With the extent of communal spirit, with the sense of togetherness (group cohesion) the member’s normative commitment with respect to the co-operative’s goals will increase (cf. Frech, 1996).

Further, trust – which is seen as an important mechanism for coordination and control in co-operatives (Borgen, 2001) – can be seen as an important mediator in the identification-normative commitment relationship. That is, existing literature identifies elements of such a connection. First, members do not establish reciprocal relationships without trust (Borgen, 2001). In this context trust means that the members can expect and believe that their fellow members will not withdraw their contributions to collective action when opportunities for short-term gain arise outside the coalition. The higher the trust, the more likely it is that the individual member feels pressured not to break it (i.e., feels obligated to reciprocate). This is shown in an empirical study of Andaleeb (1996), which shows that commitment within a group is determined to a high extent by trust. Roessl & Fink (1996) report similar findings according to which commitment is enhanced by a ‘climate of trust’ within the co-operative. Trust on the other hand links back to member identification. That is, Borgen (2001) for one argues that in order to develop trust members need to identify with their co-operative society.

Thus, we propose:

Proposition 2a: There is a positive relationship between a member’s identification with the coalition and the member’s normative commitment.

Proposition 2b: Trust in the coalition mediates the relationship between member’s identification with the coalition and the member’s normative commitment.

Proposition 2c: The positive relationship between a member’s identification with the coalition and the member’s normative commitment is moderated by group cohesion.

2.3 Internalization of the Co-operative Philosophy

Jimenez et al. (2010) argue that family, cultural and organizational socialization processes operate as antecedents to normative member commitment in co-operatives. The boundary conditions are that the content of socialization is in fact co-operative philosophy (in one way or another) and that the individuals internalize the contents of socialization. In other words, it is in fact the internalization of the co-operative philosophy that serves to predict normative member commitment.

The work of Jiménez and colleagues (2010) suggests that members socialized in a family or village context (in which membership succession is quite common) are highly likely to manifest normative commitment. For
example, in the context of producer co-operatives, members who have inherited a farm may feel that just as it is their obligation to the family (i.e., predecessor generations) to improve their family farm it is also their obligation to maintain their contributing relationship with the co-operative that has defended the interests of the family farm across generations. Further, as it relates to organizational socialization (Jiménez et al., 2010), the work of Fulton (1999) suggests that individuals can be socialized to particular values and preferences specifically as members of co-operative organizations (cf. Birchall & Simmons, 2005; Simmons & Birchall, 2004). Given that also internalization takes place, the co-operative values and principles may serve to create unique social capital that competitors find hard to imitate (see Valentinov, 2004; Tuominen et al., 2013). According to Craig (1980), socialization to co-operative norms (e.g., reciprocity) and thereby the building of ideological commitment can take place through different kinds of social involvement activities (e.g., volunteering, annual general meeting attendance, social gatherings). Finally, the sense of moral obligation to stay with the co-operative can also be based on broader cultural socialization (Johnson, Chang, & Yang, 2010) for particular ideals, visions, goals, and/or values that somehow characterize the co-operative philosophy (Jiménez et al., 2010). For example members who are socialized to collectivism and who internalize collectivistic values will prefer a culture and ideology towards collective action and outcomes (Wagner & Moch, 1986). Overall, as the above discussion already suggests, sources of normative commitment relate to larger economic, political, and social environment the members are part of.

Thus, we propose:

Proposition 3a: There is a positive relationship between a member’s internalization of co-operative philosophy and the member’s normative commitment.

Proposition 3b: The positive relationship between a member’s internalization of co-operative philosophy and the member’s normative commitment is moderated by collectivism.

2.4 Recognized Realization of Co-operative Values and Principles

While some members may be blinded by their belief, others may be more critical of their co-operative and not simply assume that it follows principles and values of co-operation. For these individuals in particular it is essential that the co-operative actually lives true the co-operative philosophy. Consistently, the work of Byrne and McCarthy (2005) suggests that members’ normative commitment is connected to the extent to which co-operatives are able to manifest their distinct ideology in action.

In order to manifest the core ideas co-operation, the co-operative may actively represent the members’ collective interests (e.g., by acting on the institutional playground for their collective benefit). In this context members are likely to judge that staying is the right thing to do (e.g., Byrne & McCarthy, 2005; Fulton, 1999). In other words, the economic benefits provided by the co-operative not only create utilitarian commitment amongst the members (Jussila, Goel, & Tuominen, 2012), but also the sense of obligation (towards the co-operative society) operating via specific reciprocity norms (cf. Enjolras, 2009). In other words, seeing the co-operative materialize its promise in action creates a sense of obligation to pay back by staying.

A source of commitment may also be found in co-operative’s promotion of social goals and ethical practices (cf. Birchall & Simmons, 2005: Simmons& Birchall, 2004). In other words, co-operative’s activities within the domains of corporate social responsibility (CSR) (cf. Jussila, Kotonen, & Tuominen, 2007; Roessl, 2010) can be seen as being positively associated with normative member commitment. Altman (2012), for example, showed that there are consumers who are ready to pay somewhat higher prices if they know that the goods are produced by a (socially responsible) co-operative. In other words, particular public rewards (e.g., such as service to the community and serving as a competitive yardstick in the industry; Fulton & Adamowicz, 1993) can be a source of normative commitment when it comes to members whose collectivism extends to out-group relations (i.e., beyond the boundaries of the membership collective).

As a limitation, according to Fulton (1999), ideological considerations are less important for younger members than for the older ones. Younger members are believed to be more interested about the utility of the co-operative exchange relationship for themselves than the extent to which the co-operative actually follows co-operative values and principles. Noteworthy, instead of age per se, within cultural individual value orientations are seen to be at play. As equipped with more individualistic set of values, the younger members are more likely to free ride and take advantage of the public goods provided by the co-operative (cf. Fulton & Adamowicz, 1993). In other words, collectivism is seen as moderating the relationship between the recognized realization of co-operative values and normative commitment. Thus, we propose:

Proposition 4a: There is a positive relationship between recognized realization of co-operative values and

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principles and member’s normative commitment.

Proposition 4b: The positive relationship between recognized realization of co-operative values and principles and member’s normative commitment is moderated by collectivism.

3. Discussion and Conclusion

The propositions built on existing literature show that there are a variety of more-or-less interconnected antecedents to a member’s sense of obligation to maintain his/her membership and patronage in the co-operative. This paper serves future research and practice by bringing together the fragmented pieces of knowledge like previous research has brought together the fragmented pieces of knowledge on utilitarian (Jussila, Goel, & Tuominen, 2012) and affective member commitment (Jussila, Byrne, & Tuominen, 2012). These works together form a relatively comprehensive picture of what is currently known about member commitment in co-operatives.

What we do know based on this paper is that the (1) the better awareness a member has of her/his membership in a co-operative coalition organized to promote mutual interests (coalition awareness), (2) the stronger a member is affectively identified with the co-operative coalition (identification with the coalition), (3) the better a member has accepted the co-operative values and principles as his or her own (internalization of co-operative philosophy), and (4) the better recognition a member has of the realization of the co-operative philosophy in action (recognized realization of co-operative values and principles), the more likely the member is to experience a pressure to maintain membership and act in line with the co-operative coalition’s interests (normative member commitment). Further, a variety of mediators and moderators are identified. For example, coalition awareness is seen as a mediator in the relationship of the communication of co-operative identity and difference with normative member commitment. Further, the individual value-orientation of collectivism is seen as moderating the emergence of a sense of obligation towards the co-operative coalition explicitly in connection to all but one antecedent: organizational identification. As it comes to organizational identification as a source of normative member commitment, group cohesion (a ‘sense of togetherness’ amongst the coalition members) was identified as an important moderator. The connection of organizational identification and normative member commitment was on the other hand seen as being mediated by a member’s trust in the co-operative coalition (i.e., expectation and belief that fellow members will not withdraw their contributions to collective action when opportunities for short-term gain arise outside the coalition).

In our view, this third dimension of member commitment deserves more attention in future research on co-operatives. Especially empirical research is needed to both identify new pieces of theory, better define the connections between normative commitment and the other two dimensions (utilitarian and affective), and to test emerging models. Our work (the above propositions) provides one possible point of departure for empirical work on the topic in the co-operative context. It should be interesting and useful to know how and why there is normative member commitment has eroded in some co-operative contexts. As a potentially related issue, we recommend focusing carefully on the role of knowledge and communication – perhaps with the help of action research methods. Even if above the communication of co-operative identity and difference is explicitly related only to coalition awareness, it is evidently linked also to other antecedents of normative member commitment such as internalization of co-operative philosophy and the recognition of its realization in the actions of co-operatives. Such work might prove extremely valuable considering co-operative education, management and marketing activities.

Further, it seems that the overall academic discussion related to the normative commitment does not consider different kinds of organization types. We believe that the relationship between the company form and the normative commitment of different stakeholders should be studied. It can be assumed for example that the sources of normative commitment of owners and customers will vary across organization types (e.g., due to the different model associated values and principles). It is also worth acknowledging that organizations taking the form of a co-operative are not homogenous either. For example, it would be interesting to empirically study how normative commitment as a phenomenon varies across worker, consumer, and farmer co-operatives given different kind of stakes, different kind of physical and cultural proximities, and different kind of interdependencies.

Managers of co-operatives might find our work useful. Normative member commitment is important for the survival and success of co-operation. Based on our review of extant literature, it seems that different kind of communication and marketing activities may help in promoting (1) coalition awareness, (2) knowledge about and internalization of co-operative philosophy, and (3) the recognition of the realization of co-operative principles and values. Active participation in the design and execution of various socialization processes might also work towards similar ends. By allocating resources to such activities and processes the managers of
co-operatives could help their business gain sustainable competitive advantage. For many activities there is also external demand at the moment. Many people are searching for information on and wish to promote businesses that are potentially more sustainable from community perspective, which offers an opportunity for co-operatives. Many governments on the other hand expect businesses to participate in economic as well as entrepreneurship education, which calls co-operatives to ‘go to the schools’ to educate youngsters about the more collective ways of exercising entrepreneurship and doing business. Overall the promotion of collectivistic values may help both co-operatives and the entire society to create value and well-being to its members, while committing people through particular norms to participate in this value creating process.

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