

# Engagement in Worker Co-operatives

How employee engagement manifests differently with worker co-operatives

Master Thesis

Management of Creative Business Processes (CBP)

Master of social sciences

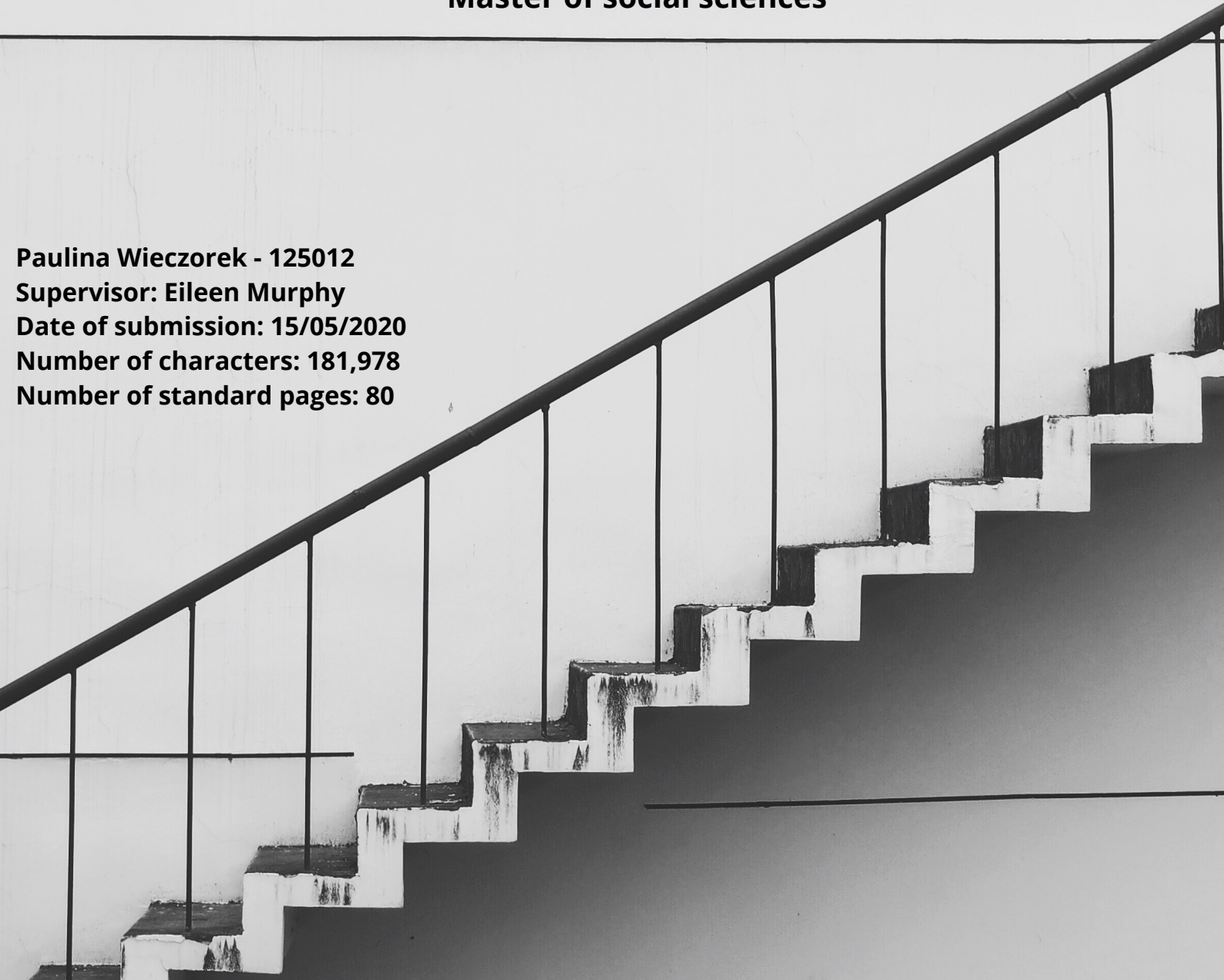
Paulina Wieczorek - 125012

Supervisor: Eileen Murphy

Date of submission: 15/05/2020

Number of characters: 181,978

Number of standard pages: 80



## Acknowledgements

*Writing this thesis was an unforgettable journey that would not be possible without some extraordinary, brilliant, carrying and supporting individuals I have the pleasure of knowing. I wish to express my deepest gratitude to my parents; for patiently spending endless nights philosophize about co-operatives. Mum, Dad; I think you have become experts by now. For endless support, love, cups of teas and snacks always waiting for me at the table. I also wish to pay my special regards to a very special person. I would like to thank Dean for supporting and motivating me on every step on the way despite being millions of steps apart.*

*I wish to express my sincere appreciation to my supervisor, Eileen Murphy, who bravely led me through that journey. Without her persistent help and directions, the goal of this thesis would not have been achieved.*

## Abstract

The purpose of this study is to explore the co-operative structure with a specific focus on cooperative ownership and democratic control in relation to member engagement. The topic was found to be unmapped in the current literature, suggesting a research gap. The purpose of this thesis emerged from the decreasing number of engaged employees in hierarchical organisations, and the contribution engagement has on nurturing organisational performance that leads to various positive work outcomes. Therefore, there was compelling value to examining the potential of the most important elements of the co-operative structure in fostering high member engagement towards activities and organisations.

The study was organised as a qualitative inductive multi-case study of two cooperatives with a focus on a specific type - worker co-operatives. These businesses are embedded in two pivotal elements of the cooperative structure, worker-ownership and democratic control and fall within the parameters of the creative industries. The study was conducted based on seven participants across two different co-operatives, these participants simultaneously own and manage the businesses they work in (worker-owners). The data was collected from primary and secondary sources. The results were produced through the utilization of the thematic analysis as a fundamental method for the qualitative analysis. Hereby, the final themes that emerged were; *self-direction, sense of belonging, supportive environment, the opportunity for advancement, transparency and personality traits*. The findings were discussed in relation to cooperative ownership and democratic control. They were then cross examined to determine how they fulfil the three basic psychosocial needs; autonomy, competence and relatedness as an indication of high engagement. The findings corresponded with the situational factors that enhance engagement and were found to be firmly linked to cooperative ownership and democratic control creating a ‘climate for engagement’. The discussion answers the research question, that the elements of the co-operative structure appear to positively influence member’s engagement in work activities and organisations. This study provides recommendations on how to organise businesses to foster that engagement and highlight several important issues that must be recognized by both researchers and practitioners interested in further research.

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# 1.0 Introduction

## 1.1 Study Background

In the current economic environment, businesses around the world face a myriad of challenges allied to social, economic and technological development. The upsurge in digitalisation and automation amplified access to data; and the globalisation of markets has created the need for a ‘fundamental rethink’ in the way the workforce is organised (Brown et al., 2019). There is an emerging realisation that traditional hierarchical ‘command and control’ (Huq, 2016) organisations are not sustainable anymore to meet growing demands for flexibility and creativity in the workplace.

In such dynamic economic settings, the initiative needed for a positive change to occur would be to concentrate on companies’ most significant assets – *the employees* (Gabcanova, 2011). It has been proven by many scholars that committed, motivated and loyal employees stand behind the success of a company (Macey & Schneider, 2008). “*Whether it is called ‘people’, ‘labour,’ ‘intellectual capital’, ‘human capital’, ‘human resources’, ‘talent’ etc.* (Gabcanova, 2011, p. 1), the resource that employees possess and how they position themselves in the company is understood as censorious to “*strategic success and competitive advantage*” (Ibid. p.1). Therefore, understanding the nature of employee’s relationships with their company is a strategic imperative and one of the company’s key determinants that fosters organisational performance (Shahidan, 2016). Despite being a focal point for the past decades, according to the State of the Global Workplace; the percentage of engaged employees worldwide is no higher than 15 % (Gallup, 2017).

Those socioeconomic determinants push organisations around the world in pursuit of innovative alternatives that may offer a solution for a more participative, sustainable and equitable social order (Nolan et al., 2013). The last century was a period where property and markets occurred revolutionised, albeit overlooking the one thing that needed to ameliorate in parallel - *the workplace* (Wolff, 2012). This is the place where people spend the majority of their creative time for their entire adult life (five days per week). Having said that, a consideration of co-operative organisational structure where autonomy and responsibility for decision-making and problem solving will be allocated to people, and where control and supervision will be replaced with cooperation (Brown et al., 2019) may be needed to achieve greater employee engagement. This distinctive and

transformative organisational structure enables its workers to possess ownership and be operated on a basis of equality and solidarity (Nolan et al., 2013). Built on principles of worker-ownership and democratic control, they offer various ways to empower individuals and communities, eliminating deficits in human flourishing and improving the overall quality of life (Ibid.). While a conventional business structure permits an owner to address these issues; the value of egalitarianism and democratic principles are neglected.

The implementation of creatively structured organisations such as worker co-operatives inaugurates an environment where learning and knowledge creation within team processes and social relationships are celebrated (Markides, 2013). Today, creativity is no longer supplementary for artistic activities but is treated as a key contributor to “*corporate strategic advantage or entrepreneurial potential among others*” (Cock et al., 2013, p.150). A rudimental condition of creativity is that an action must be reinforced by a combination of new ideas, knowledge, capabilities and resources (Markides, 2013). The culmination of these prerequisites enables a co-operative structure to ameliorate itself via transparency and the accumulation of new knowledge conceived in a collaborative environment (Ibid.). This gives the potential to broaden the capacity for creative solutions and amplify the possibility of fostering higher employee engagement.

## **1.2 Problem statement**

Modern society is blemished by income and power inequality, and there is an aspiration for more autonomy and flexibility in the workplace. Traditional businesses are structured hierarchically, where the information sharing process usually flows from top to bottom (Hoffman, 2012). In those kinds of organisations, there is a visible absence in levels of control over employees’ conditions at work with limited power to implement changes (Ibid.).

Even though employee engagement has been a point of interest among many scholars putting engagement as the most important topic area within employee relations, (Crawford et al., 2013), the number of employees highly engaged in the workplace has significantly decreased over the past few years. In the literature presented both from practitioners and the academic studies (Shuck, 2011) there was a consensus that organisations need to approach employee engagement as a strategic business objective. This is because engaged workers lead to long-term retention, higher creativity, efficiency and an ameliorated quality of work (Huq, 2016). Additionally, employee attitude towards the

expertise of organisational leadership in traditional companies has changed as well. A growing number of employees notice disassociate with current management, where managers have lost their authority by abusing their power (Toffler, 1991).

Current research states that workers appear to experience higher engagement in work environments that encourage participation in the decision-making processes or give employees shares in the company's stock. Although, the link between those processes and employees' perceptions are not clear. Moreover, those processes were only researched in traditional organisations where the processes were analysed separately and not conducted under relatable circumstances. Hereby, this study will explore these issues simultaneously in organisations that have already embedded these elements in their structure. Moreover, when it comes to research in co-operatives, member engagement was only addressed in other forms of cooperatives, not in the specific form of worker cooperatives. Therefore, the focus will specifically on worker co-operatives and their organisational structure, because of its ability to nurture egalitarian power and decision-making concurrently. This is an original and valuable contribution to understanding of engagement in co-operative structure that the research supports.

### 1.3 Research Question

Based on a conscientious overview of the current issues happening in the contemporary workplace, this research aims at expanding knowledge on co-operative organisations in regard to member engagement. Explicitly, the research aims at investigating the perspectives on cooperative ownership and democratic control and how those perceptions relate to members' motivation and commitment. Hereby, the research question is as follows:

*How do members' perceptions of cooperative ownership and democratic control relate to their engagement?*

Currently the main motivation for writing this thesis stems from an inconsistency between the research on optimizing engagement procured from traditional companies; and the growing trend of less engaged employees (Huq, 2016). That justified the need for exploring member engagement in relation to co-operative organisations and how that engagement is built and perceived. This

comprehensive analysis based on the multiple case studies will deconstruct and evaluate the two elements of the research question - *democratic control and cooperative ownership*.

§ The members' perspectives upon *democratic control* - the research will delve into people's experiences of having a voice in the process of shared decision-making in the company.

§ The members' perspectives upon *cooperative ownership* - the research will be specifically directed on how having a stake in the co-operative makes members feel in terms of their engagement.

## **1.4 Delimitation**

### **1.4.1 Employees vs Members**

To make the research scalable, the parameter was limited to one variation of cooperatives appointed by the researcher – *worker-cooperatives*. This type of co-operative proved to have one of the most promising and creative forms of organisational structures (Cheney et al., 2014). They tend to demonstrate the highest level of participation from workers as all the people equally own and manage the business (Ibid.). As a result, the exploration of cooperative ownership and democratic control will be more insightful and accurate.

The theories of engagement discussed in the literature review traditionally addressed the issue from the perspective of an employee. Hereby, to pertain better to the concept of engagement for co-operative organisation, the word employee when talking about employee engagement will be replaced by “*member engagement*”. So, that allows this definition can be addressed within the confines of the co-operative structure. This structure does not look at the employees, but it looks after members who differ depending on the roles they hold in a cooperative. Due to the fact that worker co-operatives are controlled and owned by members - the application of different naming is more appropriate. Despite the fact that cooperative based organisations generally have employees who have not been awarded ownership yet - the purpose of this research only concentrates on active members. Hereby, this study will only look at the perspectives of one group of members working in the worker cooperatives - *worker-owners*. Conversely, one of the cases organisations also involves community members which are understood as community that holds the rights to vote (consumers), however the analytical focus



is still be on worker-owners. Therefore, this term will be applied in the future and will be discussed further under the ‘*member level analysis*’ section.

## 1.5. Creative Industries

This study will be based on two worker co-operative organisations with a priority on cooperative ownership and democratic control. An emphasis will be placed on the creative structure that is embedded in the core of those two organisations. Both of the co-operatives are included within the parameters of creative industries proposed by Potts et al. (2008). Instead of defining creative industries in terms of industrial classification, they are “*about the interaction of human ideas with the human environment*” (Potts et al., 2008, p. 176), which translates into the creation of values with a symbolic and economic meaning.

### 1.5.1 Case descriptions

Shopfront Arts Co-op is a non-distributive worker-consumer co-operative in Sydney. It is managed by a binary system; there is the community of young people holding the rights to vote (consumers), and worker-owners who own the company and work for it in duality making this collaboration possible (workers). It is a youth theatre with a focus on the integration of a range of art forms including performance, filmmaking, writing, physical theatre – all with a strong focus on developing young people’s creativity, confidence and communication (Shopfront website).

Five Point Holistic is a distributive worker cooperative located in Chicago. It is a business entity that is owned and controlled by the people who work in it. They are specializing in herbal medicine, bodywork and dietary therapy. Their mission is to provide high-quality, holistic healthcare and education with the determination to nurture long-standing affiliations between worker-owners and the community that are socially and economically fair (Five Point website).

## 1.6 Structure of the Thesis

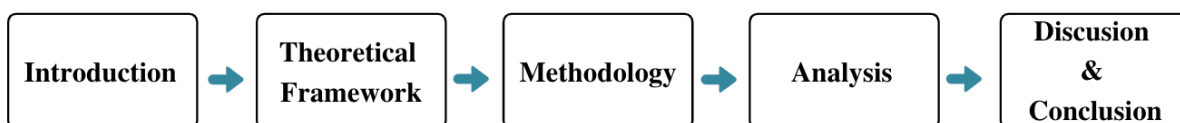


Figure 1.1: Reading Guideline

### **1.6.1 Introduction**

As presented in Figure 1.1, the thesis consists of five chapters. It starts from the Introduction section, highlighting the issues of contemporary workplaces and the importance of fostering and building member engagement. As a solution, an investigation into co-operative organisations and their structure in relation to engagement was taken into consideration. Lastly, a brief explanation of the case studies along with the delimitation of the research question is presented.

### **1.6.2 Theoretical framework**

The Theoretical framework chapter is divided into two parts. The first one includes reviews of current literature starting from hierarchical organisational structures. Next is a detailed review of co-operative organisations with a focus on worker cooperatives. This will explore the link between theories on worker participation and worker ownership. The second part concerns literature of engagement which the main and supporting theories that will be used to answer the research question.

### **1.6.3 Methodology**

In the Methodology, all the research methodology and methods which were selected for this thesis are thoroughly discussed. In this chapter, the choice of the research philosophy, approaches, research question formulation, research strategy, research choices, time horizon, data collection techniques, sampling, ethics, choice of analysis and limitation are justified and explained.

### **1.6.4 Analysis**

The Analysis chapter begins from a comprehensive description of the case studies. Here, all the data from conducted interviews are coded into five final themes that are presented across two co-operatives; *self-direction, sense of belonging, supportive environment, the opportunity for advancement, transparency and personality traits*.

### **1.6.4 Discussion & Conclusion**

In the Discussion chapter, all the findings are compared across the theories of engagement and co-operatives to reflect on the research question. In the Conclusion, all those remarks are transformed into a broader statement to provide a clear answer to the research question and build new knowledge upon the issue. Also, some practical recommendations are proposed with the suggestions for further work.

## **2.0 Theoretical Framework**

The following section is devoted to the theories, models and supporting concepts that were found relevant for the research. The research gap identified for this study pertains to a lack of clarity that links perceptions of participation in the decision-making processes and worker ownership to the member's engagement. Additionally, current research upon engagement was only performed in the traditional organisations where these elements were analysed separately and not to their full extent. Moreover, when it comes to research in co-operatives, member engagement was only addressed in the consumer cooperatives or other forms of cooperatives. It was not focused on the specific form of worker cooperatives which has an explicit focus on cooperative ownership and democratic control.

The theoretical framework is divided into two sections; co-operative organisations and engagement. It begins with a delineation of the issues of traditional hierarchical organisations as a starting point for an introduction of the literature review on co-operatives. In this section, the nature of co-operatives, worker ownership, worker participation and the roles that people hold in the co-operatives are discussed and emphasised as being crucial for understanding the elements of the research question. The second part is dedicated to understanding engagement, where the self-determination theory (SDT) and three-component model of commitment (TCM) will be discussed as they lay the foundation for the evidence-based engagement framework. This framework will be presented to illustrate the connection between the theories and highlight the crucial concepts which will be applied in the discussion.

### **2.1 Hierarchical organisational structures**

Most companies operate using traditional, hierarchical management structures, where power is assigned vertically, and employees are divided into individual departments. Usually, every department has its own procedures and protocols to follow, like every employee has their responsibility to obey a supervisor (Hoffman, 2012). When it comes to the distribution of money and power, businesses with hierarchical structures are viewed as money machines that nurture individualism where everyone works competitively for their wealth (Huq, 2016). According to Marx (Hoffman, 2012), the premises of designing businesses as 'power systems' to maximize profit and control for higher efficiency, in reality led to extinguish the workers' motivations and commitment towards the workplace. This structure does not empower employees to be committed, nor motivated

to their work; but instead fosters a culture of control and dependency where the voice of the employee is restrained (Ibid.).

In the literature presented both from practitioners and academic studies (Shuck, 2011), there was a common belief that organisations needed to look at employee engagement as a strategic business objective. Traditionally, success in one's career could be measured by their ability to both demonstrate loyalty and progress through the ranks of a hierarchical organisation (Masson et al., 2008). As the economy has diversified, a development has occurred where individuals are pursuing careers that defy conventional organisational boundaries in exchange for an integrated approach (Ibid.) For these people, the status quo for success is challenged, autonomy is celebrated and there is an enthusiastic motivation to contribute in a positive way towards something larger than themselves (Ibid.). Therefore, there is a need for more scholarly research to better understand the settings and behaviours that stimulate engagement, and how to support its development (Saks, 2006). In the next section, the co-operative organisations and engagement will be discussed as it is presented in the literature.

## **2.2. Co-operative organisations**

In this time of global economic uncertainty where the focus of large corporations lays on control and quick profits (Cooper et al., 2013), the co-operative enterprises (co-ops) can provide both economic and social mechanisms for a more sustainable and participative work environment (Nolan et al., 2013). Having said that, the co-operatives can be characterized by their '*dual function*'; serving both an economic and social purpose concurrently (Mazzarol et al., 2011). Although the duality of this purpose may be perceived as a vulnerability, they in fact are mutually empowering and thus create space for 'co-operative advantage' (Ibid.). Nowadays, co-ops give employment to 100 million people and give support to 3 billion people around the world (ICA, 2008) holding an annual turnover of between US\$600 million to US\$53 billion across the 300 largest co-operatives (Mazzarol et al., 2011, p. 2).

Defined by sets of principles; established in 1844 by members of the Rochdale cooperative in England, co-operatives hold several advantages over their privately and publicly owned counterparts (Nolan et al., 2013). Those principles laid the foundations of the co-operative movement and despite the transformation in co-operatives over the years, they remained unchanged (Cooper et al., 2013).



**Figure 2.1: Cooperative Principles** (Adopted from the International Cooperative Alliance, 1996)

These principles illustrated in Figure 2.1, provide a cooperative with a strong philosophical foundation that appoint the frame of governance structure and the process of how profits are allocated. In theory, they reflect all the cooperative values like “*equality, consensus, honesty, openness, social responsibility, and caring for others*” as integral to their business (ICA, 2008). Those principles set the boundaries on how co-operatives should function, but they come with the challenge of practically implementing the elements of cooperative structure and engagement in those structures in relation to cooperative ownership and democratic control.

The intensity of the importance of specific principles and their practical applicability will differ depending on the type of a cooperative. There are several types of cooperatives that members can either work for (worker co-operatives), buy their goods and services (consumer co-operatives), market their products (producer co-operatives), financial co-operatives (credit unions), or a combination of all of them (hybrid co-operatives) (Patmore & Balnave, 2018, p. 4). In this research, the main focus will be on worker cooperatives, where the members that work in the company are also the one who own it.

### 2.2.1 Member Level Analysis

The next step that has to be taken before analysing worker-cooperatives is to look at the individual member level, to acknowledge the distinction of roles that the members hold. Then, the worker-cooperative's structure, as a main area of research will be discussed and analysed. When it comes to roles, members can be seen as investors, patrons, owners or community members. In this section, only members as owners will be thoroughly explained as they are the main subject for this research that fit within the parameters of the case studies. Even though there is a visible relation between the roles, the distinction has to be made, because every role shows different dimensions of the nature of the membership (Mazzarol et al., 2011).

#### 2.2.1.1 Members as owners (worker-owners)

This category of cooperative members bears several responsibilities in a cooperative. Same as investors – worker-owners' main focus is on 'member economic benefits', which is based on "*return capital from investments or patronage outcomes*" (Mazzarol, et al., 2011, p. 9). This is powered-up by co-operative beliefs of 'distributive justice' that talks about "*reasonable rules and fair consideration of members' relative contributions*" (Ibid. p. 9). Probably the most relevant role for this research is a focus on 'member control'. This control is reflected in the cooperative nature, seen as organisational democracy and 'procedural justice' (Folger, 1996). Here, the shared ownership allocates privileges for members that give them a voice in the decision-making process and create a sense of responsibility to actively participate in the democratic process (Mazzarol, et al., 2011).

## 2.3 Worker Co-operatives

On the grounds of possessing a unique organisation structure, worker co-operatives are composed of a voluntary network of people who own and control a business that allocates compensation based on solidarity and equality (Birchall, 2011). According to Mintzberg (1989), the organisational structure possesses the full decentralisation to act with freedom and power. A worker-co-operative is a value-driven organisation that positions its workers and community's needs in the core of its purpose (Wolff, 2012). Thus, their organisational structure focuses on meeting the demands by generating profits for its members (distributing co-operative) or reinvesting them into the cooperative (non-distributive co-operative) (Mazzarol et al., 2011). In worker co-ops, as opposed to traditional businesses, the ownership, control and benefits are all pertained by the same group of

individuals: *the cooperative members* (Lund, 2006), often called *worker-owners* (Lund et al., 2006, p. 3).

They are usually run democratically or, depending on the company's structure, governed by a board of directors who they democratically appoint (Altman, 2009). It is important to mention the importance of a community which lays at the core of every co-operative and is a valuable resource for its long-term existence. The reason for that, is that worker co-operatives possess the ability to be embedded in their community while profiting from it at the same time (Mazzarol, et al., 2011). Co-operatives are community-minded, meaning that they build a strong organisational identity that is in congruence with its member's needs, so they "*contribute to the sustainable development of their communities through policies accepted by their members*" (ICA, 1995). According to Novkovic (2008), it is a step forward in building social entrepreneurship and bringing innovation within the organisation itself.

There are several ways to look at the practicality of worker co-operatives. Worker-owners have a full authority on how the company is governed in the long run, with a less hierarchical managerial system. These types of co-operatives have the obligation to satisfy their workers' needs first, before reaching for higher profits in the short run (Chen, 2016). The distribution of wealth in worker co-operatives is democratically allocated through profits and surplus, and the level of income inequality is generally much lower than traditional companies because of this (Mazzarol et al., 2011). Alternatively, the profit is invested into the development of the company to make it more competitive (Altman, 2009). Active participation in the decision-making process is a main channel to which the workers exercise their rights as owners. All co-operatives are owned and managed democratically while adopting the principle - "*one member, one vote*" (ICA, 2008). It could be said that true worker co-operatives are built on the fundamentals of worker ownership and democratic decision-making processes. They provide their members with a shared ownership as a right that cannot be bought or sold - and the objectives of this ownership are nonpartisan.

### **2.3.1. Worker Ownership**

As mentioned earlier, members of a worker-cooperative not only work in a cooperative, but simultaneously equally own it. This status of ownership gives the members rights to share their responsibilities, have an active voice with making decisions and participate in the governance of the organisation. The common misconception arises with employee stock ownership plans being

mistakenly compared to worker cooperatives. As opposed to traditional companies, where people can technically own a part of the business, but still remain powerless when it comes to making decisions on its behalf (Mazzarol et al., 2011). With ESOPs, there is no direct ownership and expected voting rights, hence the profit rights are distributed based on invested capital, rather than the work they put in (Ellerman, 1985). Therefore, the idea of cooperative ownership goes beyond the status and practise of ESOPs, as it influences the social and psychological effects on groups or individuals (Pierce et al., 1991).

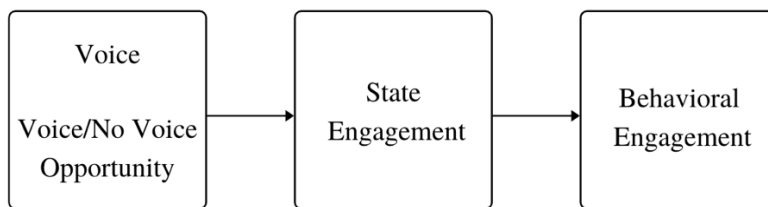
According to Pierce (2001), members can develop the psychological ‘sense of ownership’ which results in positive behavioural effects. It is noteworthy that the research has been done in the context of traditional organisations and the practical ways to facilitate the development of this feeling has not yet been clear. The psychological ‘sense of ownership’ (Pierce, 2001), is defined as the extent to which people feel that something is theirs, so they bear the *sense of commitment and belonging*” (Mazzarol et al., 2011) It carries two meanings, it can both “*express a relation of ownership* (*‘this belongs to me’*) and *locate an identity* (*‘I belong here’*)” (Ibid. p. 10). The latter reflects the cooperative component of membership where all the members share collective goals, vision and values. This ‘sense of ownership’ and its effects on members’ behaviours, in co-operatives were only addressed in regard to consumer-cooperatives as a need of creating a strong membership based on high consumer participation (Mazzarol et al., 2011). In this study; on the other hand, this sense of ownership will be looked at from worker-owners’ perspectives in worker co-operatives to make some valuable contributions. It will investigate whether co-operative ownership creates a psychological ‘sense of ownership’ and whether it produces a direct influence on the workers’ attitude toward higher commitment and therefore – greater affirmative responses (Kaarsemaker, 2010). Moreover, it will extend on Pierce’s work on ways to foster the development of the sense of belonging in practice.

### **2.3.2 Worker Participation**

According to Argyle, participation is “*acting together in a coordinated way, in the pursuit of shared goals, the enjoyment of the joint activity, or simply furthering the relationship*” (1991, p. 4). This definition reflects the nature of cooperatives, where participation is seen as; taking part in decision-making, affiliation with community life and carrying out tasks in pursuit of cooperative goals (Barracough, 1999). Supporters of employee-involvement approach believe that the most powerful way to motivate workers is to provide them with autonomy and create more meaningful jobs. That provides opportunities for training to acquire new skills and perspectives (Birchall &



Simmons, 2004). Also, sharing problems, goals and ideas with all the workers tends to increase their efforts and involvement in the organisation itself (Ibid.). Furthermore; giving a ‘voice’ to the workers increases their positive opinions of fairness and justice, so they are more committed and concerned about the future of the organisation (Daly & Geyer, 1994). Moreover, according to Beugré presented in Figure 2.2 (2010) the ‘voice’ has a positive impact on state engagement (commitment and motivation), which then translates into a behavioural engagement. This concept of the ‘voice’ (Beugré, 2010) was found relevant for the research question, despite only being performed in traditional organisations. In this study, this will be analysed in the context of worker co-operatives to see how the cooperative structure will relate to this form of engagement that Beugré (2010) puts forward.



**Figure 2.2: Voice** (Source: Beugré, 2010)

There are various approaches in terms of understanding the nature of worker participation. There is one determinant that decides on the disposition of the participation that the organisation acknowledges – its values (Novkovic et al., 2012). For instance, in traditional organisations the virtue for control is perceived as a tool; rather than a right. It is because the power is concentrated at the top of the ladder, hence it is authoritarian. Worker cooperatives, in opposition to this, are guided by ethical values of “*self-help, self-responsibility, democracy, equality, equity, and solidarity*” (ICA, 2008). Those organisations promote democratic participation as an equal right for workers, motivate them to be accountable, up-to-date and engaged in the future of the organisation (Novkovic et al., 2012). Moreover, mandatory elements for attaining organisational participation pointed by Novkovic et al. (2012) like “*autonomy, education, training, job security, broad job descriptions and wide responsibilities*” (Ibid. p. 3), are also situated at the core of every cooperative organisation.

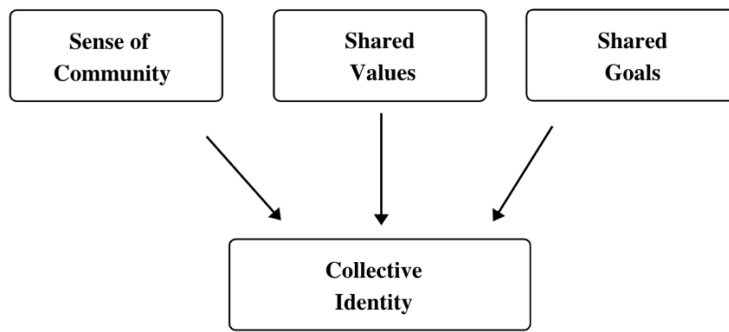
### 2.3.3 Issues with Cooperatives

Despite many advantages, the shared ownership structure and worker democracy could cause problems that not only impact workers, but the organisation as a whole. Hypothetically, there is evidence that having flattened structures can result in putting too much trust on horizontal monitoring, which creates pressure among the workers and may lead to interpersonal disputes (Novkovic et al., 2012). This is also interlinked with a ‘free riding’ problem, in which some members involve more actively than others but are still awarded similar benefits from their membership. Another problem may arise from inconsistency between cooperative principles and values, as opposed to organising day-to-day operations (Rhodes, et al., 1981). There is also the issue of a lack of practical tools to organise a cooperative in the way that is consistent with the cooperative theoretical foundations. For some people, co-operatives are too complex to manage efficiently where participation in decision making is too much of a burden of responsibility, rather than seen as something positive (Artz & Kim, 2011). On top of the complexity of the decision-making process, there is a control problem that arises when workers’ interests are incoherent with companies’ and other members (Mazzarol et al., 2011).

All those issues suggest that flattened structures (Novkovic et al., 2012), increased responsibility (Artz & Kim, 2011), incoherency between the peoples’ values and companies’ (Boon & Hartog, 2011), and no practical tools to organise the cooperatives (Rhodes, et al., 1981) can be seen by members as complex and hard to manage. In this study, these challenges will be addressed highlighting different dimensions to the presented issues in relation to engagement.

### 2.3.4. Limitations

Thus, to understand the full reasoning behind the perceptions of how these elements of worker co-operative structure are perceived in relation to member engagement; the use of a “*collectivistic approach*” has to be considered (Figure 2.3). This approach was constructed on the basis of theories of altruism and social cooperation, giving an extra dimension to internal forces for behaviour that influencing perceptions on members’ engagement (Birchall & Simmons, 2004). Although this approach still looks out at people’s individualistic motivation, it is powered up by collectivistic incentives. In accordance with Birchall and Simmons (2004), the motivation for engagement comes not only from self-determination, but it is also supported by more collectivistic factors.



**Figure 2.3: Collective Identity**

Hence, worker-owners could be motivated when they feel like their needs correspond to other peoples’, and thereby generate the *shared goals*. The other one pertains to high commitment and involvement in the decision-making; conjured by a feeling of the workers’ *values being shared* with others (Birchall & Simmons, 2004). Finally; coherent with the 7<sup>th</sup> cooperative principle, ‘*sense of community*’s factor, where workers have a strong feeling of belonging to and identifying with other people (Ibid.). According to Boon and Hartog (2011), the workplace culture that share common values and goals will translate into higher levels of trust and shared belonging to a community.

These approaches were selected specifically for the cooperatives as it shows their nature, where sharing common values, goals and perspectives were one of the reasons of inaugurating them in the first place. Furthermore, analysing data with a focus on the collective factors will serve to build a more concrete and accurate rationale of those findings. Although, it is important to acknowledge that Birchall and Simmons (2004) in their approach were only looking at engagement from consumers’ perspectives in consumer co-operatives. In this study those collective factors will be considered in the context of worker co-operatives when analysing the perspectives on worker participation and ownership in relation to motivation and commitment that Birchall and Simmons member engagement puts forward.

### 2.3.5 Summary

Worker co-operatives face a myriad of challenges in their pursuit of an egalitarian workplace where democracy and shared ownership is nurtured. Co-operatives drastically developed over the last two hundred years, rapidly maintaining their position as a powerful alternative to traditional

economies and societies around the world (Altman, 2009). There is a large number of scholars that talk about the cooperative advantage and its power to make changes in the contemporary workplace. Although, many scholars still see co-operatives as an “unrealistic utopia” considering their organisation structure as being inefficient and only valuable in the times of crisis (Ibid.). It is important to remember that cooperatives differ from their alternative approach to organising businesses. As previously explained all the current research upon engagement was concentrated either on traditional organisations or consumer co-operatives. Additionally, the link between perceptions of participation in the decision-making processes and worker ownership to member’s engagement has not been distinguished.

Moreover, the research upon engagement in consumer co-operatives serves a different purpose than in worker co-operatives. Therefore, the research in worker co-operatives will allow to build a more insightful and accurate understanding of cooperative ownership and democratic control as they demonstrate the highest level of participation from worker-owners (Cheney et al., 2014). Lastly, present research on worker cooperatives show that some challenges can be seen by members as complex and hard to manage while this study procures an alternate interpretation. The contribution that this study makes is to extend the knowledge on co-operative structures to help later with clarifying the link between their elements and member engagement. This contribution in this thesis will be made by including specific theories of engagement presented in the next section involving self-determination theory and the three-component model of commitment.

## **2.4 Engagement**

Currently, employee engagement has propelled into a primary concern and focal point among human resource practitioners and senior managers in the field (Bhatla, 2011). In the era of globalisation, it is essential for businesses to learn how to maximise resources efficiently for the effective functioning of the organisation and to retain the ‘competitive advantage’ (Meyer et al., 2010). Despite its popularity and significance, employee engagement remains still difficult to define. With the discrepancies in understanding its meaning, antecedents and results, engagement varies whether it has been seen from the psychological or practitioner point of view, where the latter sees it as a tool for workplace strategy (Ibid.) Notwithstanding, there are similarities that have been ascertained through scrutinized analysis of the definition. This will circumvent obscurity and give a

complex ‘working definition’ for the purpose of this thesis, so to make clear how this engagement is understood in relation to answering the research question.

The first person credited to define employee engagement was an academic researcher, Kahn (1990, p. 694) who described it as *“the harnessing of organisational members’ selves to their work roles; in engagement, people employ and express themselves psychically, cognitively and emotionally during the role performances”* (Ibid. p. 694). In accordance with this definition, people who are engaged with their work are able to reveal their ‘authentic selves’ (Truss et al., 2013) and ricochet all that power back to their job. Kahn also stated that disengagement results in disconnection of selves from work where *“people withdraw and defend themselves physically, cognitively and emotionally during the role performances”* (Kahn, 1990, p. 694). It is notable that this definition has become an opposition of burn out (Maslach et al., 2001) and exposes the salient meaning of personal involvement in work. According to Schaufeli and Bakker (2002), engagement is described as a *“positive, fulfilling work-related state of mind that is characterized by vigour, dedication and absorption”* (p. 74). This psychological state creates a feeling of being entrusted in the success of an organisation, where members are motivated to achieve high standards that expand beyond their perceived work roles (Meyer, 2014).

Additionally, the term engagement has been used to refer to a disposition (trait), psychological state (state), performance construct (behaviour), or a blend of the above (Macey & Schneider, 2008, p. 18). Engagement as a trait could be understood as a feeling or an attitude to see the world from a specific point of view. It refers to *“dispositional tendency”* (p. 21), that apart from *“managing environmental influences”* it is crucial to identify the possible set of characteristics that members need to be engaged (Macey & Schneider, 2008). Trait engagement gets reflected on psychological state engagement that essentially pertains to Kahn (1990) and Schaufeli et al. (2002) definitions on engagement. Here, the psychological state engagement incorporates as follows; *“feelings of energy, absorption, satisfaction (affective), involvement, commitment and empowerment”* (Macey & Schneider, 2008, p. 6).



**Figure 2.4: Mindsets of Engagement**

Two previously mentioned facets of engagement lead to behaviours presented in Figure 2.4, can be analysed in relations to discretionary effort or extra-role effort (Macey & Schneider, 2008, p. 6). Behavioural engagement is labelled as “*adaptive behaviour*” described by a plethora of single behaviours that impact organisational effectiveness (Ibid.). It is directed to nurture organisational purpose with a discretionary nature to go beyond the status quo and concentrate more on commencing and promoting change

### 2.4.1 Working definition

Based on the key influential definitions that were integrated and analysed; the proposed employee engagement definition below will be utilized as the leading theme in this thesis. This is applicable for further analysis of relevant theories and mechanisms fundamental to the understanding of this phenomena.

*“Engagement is experienced as enthusiasm and self-involvement with a task or collective, is fostered by a corresponding dispositional orientation and facilitating climate and manifests itself in proactive value-directed behaviour” (Meyer et al., 2010, p. 64).*

This above definition has been chosen to emphasise the mutual connection between different perspectives and views on employee engagement. Based on the previous analysis from a plethora of researchers and academics, member engagement cannot be perceived as a single construct, but rather as a multidimensional framework. This definition was selected because it strongly corresponds with elements of member engagement, where state engagement relates to affective “*feeling of energy*” (“*enthusiasm*”), high level of work (“*passion*”) and organisational (“*identity*”) involvement (Macey & Schneider, 2008, p. 14). Behavioural engagement emphasises valuable outcomes for those behaviours on an organisation and trait engagement correlates with “*dispositional orientation*” that corresponds with personal characteristics as well as situational characteristics as antecedents of the latter (Crant, 2000).

In this section, all the different aspects and foci of engagement have contributed to the final working definition presented by Meyer et al. (2010), which this study will follow. This thesis will be based on Meyer’s et al. approach (2010), where to understand the processes involved in the

development of engagement, it ought to be viewed as two overlapping components; motivation and commitment. In the next subsections the reviews of the self-determination theory and the three-components of commitment pertaining to motivation and commitment will serve as fundamentals of member engagement's theoretical framework (Ibid.). Those theories were included as they proved to share several similarities as both being described as "*energizing forces*" with implication for behaviours (Meyer et al. 2014, p. 37). Additionally, self-determination theory was identified as a facilitator in understanding the mechanisms by which commitment employs on member engagement (Meyer & Maltin, 2010). In the upcoming section all the theories and the link between them will be further addressed.

## **2.4.2 Self-determination theory**

### **2.4.2.1 Intrinsic & Extrinsic Motivation**

Generally speaking, self-determination theory (SDT) is usually positioned as a typical model of motivation. Although, recently SDT has become commonly used as a framework for the study of work motivation that addresses the mechanisms essential for member engagement (Gagne & Deci, 2005). That theory is organised around two overlapping types of motivation; *intrinsic and extrinsic*. The first one talks about the involvement in a certain manoeuvre that a person purely desires for their own interest built on enjoyment and satisfaction. In opposition, *extrinsic motivation* is formed on the basis of instrumental reasons (Meyer et al., 2010), According to Gagne and Deci (2005, p. 334), this form of motivation can manifest in several different forms and thus, dominates in the workplace. When a members' behaviour is externally motivated with the intention to "*gain rewards or avoid punishments*" they are externally regulated. While, workers who adapt to a certain regulation as a point of necessity, and not as a result of their own motives to "*boost one's ego or avoid the feeling of guilt*" possess introjected regulation. The other form; identified regulation, talks about workers' extrinsic motivation when their "*valued personal goals*" are coherent with the job they perform. Finally, integrated regulation occurs when workers are fully acknowledged and integrated with other needs and values (Meyer et al., 2004) and feel like what they do contributes to who they are, so they can "*express one's sense of self*" (Ibid. p. 335).

This intrinsic motivation along with aspects of identification and integration that speaks of one's high determination to work, create a foundation of *autonomous regulation* (Gagne & Deci,

2005). For autonomous regulation to occur, in the theory of SDT there are three basic psychological needs that ought to be fulfilled; autonomy, competence and relatedness (Deci & Ryan, 2000).

#### **2.4.2.2 Autonomous regulation**

The need for autonomy in SDT is described as an individuals' desire to experience a sense of choice and psychological freedom, followed by the belief that their choice was conscious and consensual with the values they represent (Broeck et al., 2010). According to the theory, autonomy is shown as the "*degree to which behaviors are enacted with a sense of volition*" (Soenens et al., 2007, p. 634). Which is similar to what was discussed previously under as members as worker-owners. Workers who are "highly autonomous" (Ibid.) will show full engagement in the actions they are endorsed in (Deci & Ryan, 2000). Some perspectives on autonomy differ from those proposed by SDT, referring to autonomy as a task characteristic and not psychological freedom. Thus, being independent with a choice of planning the work and its flow, contribute to psychological freedom during the activity engagement (Ibid.). Additionally, autonomy can be seen as the satisfaction of being dependent on others, when the feeling of independence is replaced with one's volition to do so (Soenens et al., 2007).

The need for competence focuses on individuals' immanent desire to effectively interact with the environment in order to engage in perplexing tasks to challenge and improve their skills. It is vital to allow the worker-owners to adjust to altering and multidimensional situations (Broeck et al., 2010). The satisfaction of this need creates an "*affective experience of effectiveness*" (Ibid., p. 982), from mastering a task. Lastly, the need for relatedness concentrates about the interpersonal dimension in which people feel an affiliation to others that they belong in a group where there is a mutual affection of being loved and cared for (Ibid.). This particular need is fulfilled only when worker-owners experience belonging to a community and by fostering caring relationships with others (Deci & Ryan, 2000).

#### **2.4.2.1 Summary**

Its relevance of SDT to the research question it that corresponds well with the mindsets of engagement described earlier (i.e., trait, state, behaviour) (Meyer & Gagne, 2008) as well as foci of



engagement - co-operative organisations and their processes (Saks, 2006). The concept of state engagement presented by Macey, Schneider and Kahn's belief of self-involvement being part of engagement overlaps with the concept of autonomous regulation (Ibid.). Furthermore, the behavioural outcomes and some dispositional and situational factors identified for autonomous regulation resembles facets of behavioural and trait engagement (Ibid.). Therefore, the self-determination theory will address the mechanism underlying member engagement in the processes of shared ownership and democratic control.

### **2.4.3 The three-component model of commitment**

When looking at theories and concepts upon commitment, it is conspicuously visible that there are similarities as well as misconceptions with analysing its homogenous characteristics. According to Mayer and Allen (1991), the premise of commitment being a tool for binding individuals and organisations reducing probability of turnover, is partly what conceptualisations of commitment have in common. By contrast, the perceptions on its characteristics vary from understanding commitment as "*affective attachment to the organisation, perceived cost of leaving and obligation to remain*" (Meyer et al., 2010, p. 66). Therefore, the three-component model (TCM) includes the following; "*affective commitment*", "*continuance commitment*" and "*normative commitment*" (Ibid. p. 66)

Affective commitment reflects the workers' affirmative emotional attachment to the organisation, strong connection to its values and desire to continue their membership (Meyer & Allen, 1990). Workers who are affectively committed will not have intention to quit but significantly higher "*work attendance, performance, organisational citizenship behaviour, and overall well-being*" (Herscovitch & Meyer, 2002, p. 475). This type of commitment describes workers who stay in the organisation because they "want to". According to Myer & Allen (1991), affective commitment is perceived as attachment to the goals and values of the organisation, a sense of identification that increases their participation in the organisation's activities, and their aspiration to remain with the organisation.

Second type, continuance commitment is based on workers' perception on costs of losing an employment in the organisation (Ibid.). Those costs can be analysed from two perspectives on costs;

economic and social. The economic costs refer to all the monetary incentives bonded with the job like pension or benefits etc., while the social costs being understood as the cost of losing relationships with colleagues or skills associated with the job. (Ibid.). Therefore, workers whose level of commitment is within the parameters of continuance commitment feel like they “have to” commit to their organisation.

Lastly, normative commitment describes all the individuals that feel obligated to remain in the company which can be derived from several reasons. Firstly, the feeling of obligation can arise when a company puts money into employing a person, imposing a responsibility of staying in the company until the “debt” is repaid. Moreover, this feeling can also come from personal motives generated from socialisation processes (Meyer & Allen, 1991), or simply from being loyal to the organisation. In result, the members remain committed to the organisation because they “ought to” do so. This type of commitment depends on the worker's personal experience, cultural background, and socialisation. This diversification of those mindsets ought to be perceived as components of commitment and not types, as members may experience all three simultaneously up to a certain degree.

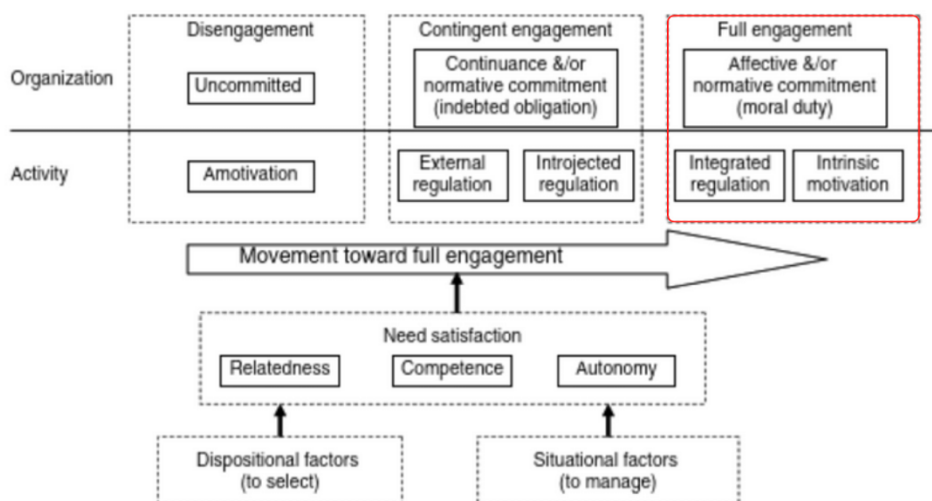
#### **2.4.3.1 Summary**

The main advantage of choosing this theory for answering the research question, was its strong link with self-determination theory. Unlike other theories on commitment, the three forms of commitment seem to be the most allied with the SDT theory meaning that affective commitment would be maintained by an members’ autonomous motivation (Gagne et al., 2004). In this thesis, the affective commitment is seen as a long-lasting binding force between individual and organisation (Macey & Schneider, 2008). Therefore, the use of TCM will be considered with understanding a relationship between co-operative structure and members affective behaviours in relation to member engagement. According to Meyer et al. (2004), workers with a strong affective commitment to their company are most likely to experience intrinsic motivation or identify regulation which are elements considered for autonomous regulation within SDT. In contrast, members who possess strong continuance commitment due to lack of alternatives or perceived cost of leaving are more likely to experience external regulation (Ibid.). Finally, individuals with strong normative commitment are likely to experience introjected regulation in their day-to-day tasks. It usually occurs when people

who have a strong obligation to remain with the organisation judge themselves by the degree to which they live up to their own expectations and/or the expectation of others.

#### 2.4.4 The evidence-based engagement framework

The previously analysed theories of self-determination theory and the three-component model of commitment laid a foundation to create the *evidence-based engagement framework* to understand the level of member engagement in a workplace (Meyer et al., 2010). This framework was presented to illustrate the established connection between the theories and highlight the crucial concepts which will be used later in the analysis of the findings. In this model, the member engagement will be understood as autonomous regulation and affective/normative commitment (Figure 2.5) depending on fulfilling the satisfaction of worker-owners basic psychological needs; *autonomy, competence and relatedness* (Meyer et al., 2010). Those needs will be empirically explored through the discussion of the co-operative structure and member engagement.

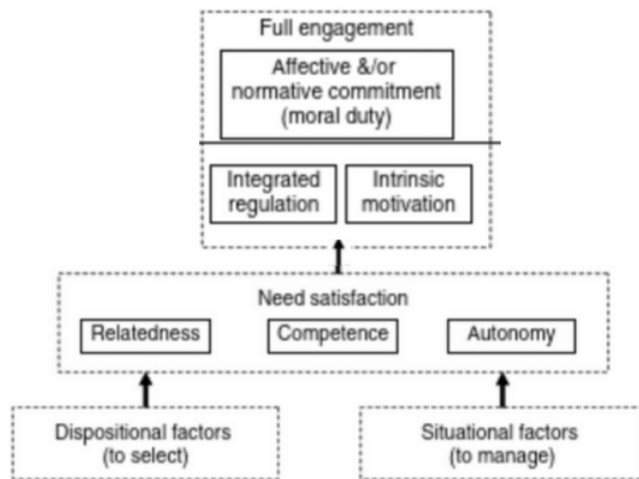


**Figure 2.5: Model of member engagement** (Source: Myer et al., 2010)

As presented in Figure 2.5, the use of SDT will serve as the basis of perception on activity engagement while the TCM as a source of organisational engagement. The distinction between levels of intensification varies from disengagement, full engagement and contingent engagement (Meyer et al., 2010). Disengaged members will experience “amotivation” - a visible lack of intention to engage and an absence of attached value of an activity or its results (Ibid.). With regard to organisational

practicality, their level of commitment is low and their intention to quit is high (Ibid.) By comparison, members with high levels of engagement are autonomously regulated either by intrinsic motivation or any form of identified, preferentially integrated regulation (Ibid.). On that same practicality, they will have high affective commitment followed by high normative commitment that represents the “sense of moral duty” to stay and devote to the success of the company (Ibid.). Lastly, the contingent engagement which situates itself in the middle of the two extremes. Nowadays, businesses experience a growing tendency of this level where members tend to treat their job as an obligation that is tightly connected to constant employment, recompenses and benefits. They are more likely to get a sense of *controlled regulation* (Gagne & Deci, 2005), where they don’t feel any satisfaction and meaningfulness whatsoever, largely focusing on outcomes controlled by others (Meyer et al., 2010). With a business ecosystem that burdens worker-owners to constantly augment themselves in order to keep pace with innovative demand – a high level of contingent engagement may be unsustainable.

In this model, reaching high the member engagement; autonomous regulation and affective/normative commitment, will depend on fulfilling the satisfaction of worker-owners basic psychological needs; *relatedness, competence and autonomy* (Meyer et al., 2010).



**Figure 2.6: Full Engagement** (enlarged image form Figure 2.5)

#### 2.4.4.1 Dispositional factors

According to the model, this can be attained by choosing people who are naturally predisposed for engagement (disposition factors) or by creating a ‘climate for engagement’ (Gagne & Deci, 2005).

The personal traits for achieving higher engagement are; “*locus of control*” (a belief of being in control of your own fate) and “*autonomous causality orientation*” (putting yourself in the situations that are engaging) (Meyer et al., 2010, p. 69). Disposition in this sense is described as a personality characteristic or a desire to experience that positive affect over time (Macey & Schneider, 2008). Moreover, there are specific dispositional concepts that have been understood as causal factors in “*proactive behavior, personal initiative, and the experience of ‘flow’*” (Ibid. p. 19). It pertains to trait engagement that can be looked at from four concepts that will be addressed below. People who are naturally predisposed for engagement will have positive views of life and work, showing higher enthusiasm towards tasks and activities (Macey & Schneider, 2008). They will show a more proactive personality to engage into different situations that subsequently contributes to their work ethic (Ibid.). Additionally, those people could be described as “*hard working, ambitious, confident, and resourceful*” (Ibid. p. 20). They will voluntarily engage in tasks for their own sake, and not for the sake of external rewards. Individuals who hold those dispositions will likely show an experienced sense of personal values (Meyer et al., 2010).

#### **2.4.4.2 Situational Factors**

While the ‘*climate for engagement*’ pertains to the work climate that allows the situations for engagement to occur (situational factors). Previous research upon the SDT and the TCM recognised some particular factors that have a direct impact on attaining full engagement; reaching both - autonomous regulation and affective/normative commitment to an organisation. Many factors identified for SDT are strongly interlinked to those recognised by the TCM.

Within the research on SDT; job design, management practices, and reward systems were found as crucial for fulfilling the members' needs in order to achieve autonomous regulation (Gagne & Deci, 2005). According to Gagne and Deci (2005), the creation of a perfect environment for engagement that endorses satisfaction of the basic psychological needs will stimulate the members' intrinsic motivation and foster full internalisation of extrinsic motivation. Lastly, the key to increase autonomous motivation is to use rewards and recognition systems as a matter of showing appreciation of members and not by controlling their behaviours (Ibid.). Additionally, as Gagne et al. (2007) pointed out, the most ideal reward system is when rewards are distributed equitably with the base salary set up higher than average to promote social comparison and feeling of justice. Moreover, with affective commitment and autonomous motivation, group-based incentives and rewards in the form

of profit sharing tend to be more effective, rather than individual motivations and commission-based systems (Gagne & Forest, 2011).

As it was stated above, the research upon the TCM also identified a set of workplace factors that affect member engagement. According to Myer and Allen (1991); “*accomplishment, autonomy, job challenge, job scope, opportunity for advancement, opportunity for self-expression, participation in decision-making, personal importance to the organization and fair treatment*” (Ibid. p. 71). Meaning that management treats their members with respect (interactional justice) (Colquitt, et al. 2001), dignity, and informs them of any information regarding the ongoing decisions and processes in the organisation (Meyer et al., 2010).

#### **2.4.4.3 Summary**

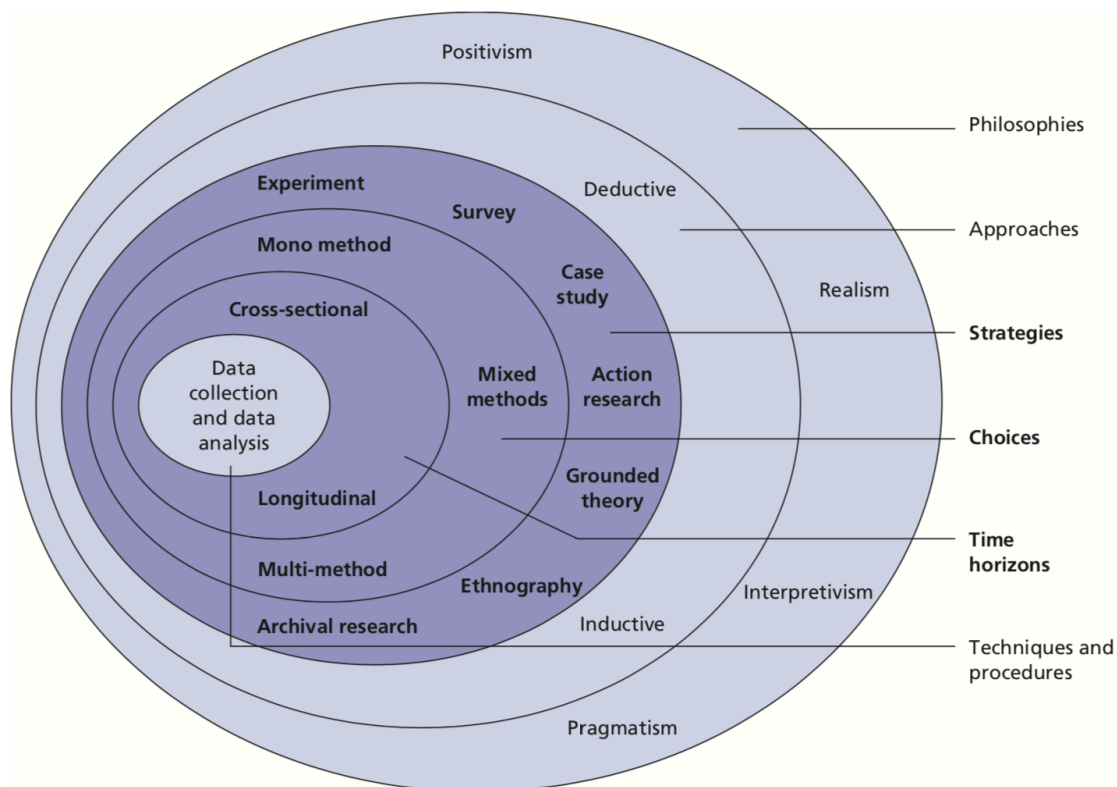
Understanding member engagement has proved to be instrumental when it comes to improving organisational effectiveness and performance. Many say that engagement is moderately easy to identify, but problematic to define. There are copious working definitions of engagement, although as a relatively new area of interest, it is argued that the use of long-established theories is necessary to capture the nature, development and results of member engagement. Therefore, the whole theoretical framework was based on Meyer et al. (2010) model where all the explained theories were closely connected. The SDT was used as a tool to understand people’s motivations to engage in their work activities. It was also proved to be closely associated with the chosen definition of engagement including state engagement as well as its antecedents (trait) and consequences (behavioural). While, the TCM’s focus is on organisational commitment that explains workers’ attachment to their organisations and how this attachment is related to work factors. Additionally, the satisfaction of the basic psychological needs demonstrated to be the key components towards creating full engagement among members.

## 2.5 Conclusion

The existing literature is either only addressing the traditional organisations or other forms of cooperative structure. It was not focused on the specific of worker cooperatives which has an explicit focus on cooperative ownership and democratic control which was found important for engagement. Therefore, to make a valuable contribution, the research is going to address it through the self-determination theory and three-component model of commitment. As identified in this chapter, high member engagement will be achieved through factors that fulfil the satisfaction of the worker-owners' basic psychological needs; *autonomy, competence and relatedness*. This is achieved by creating a '*climate for engagement*' (Meyer et al., 2010), which indicates autonomous regulation and/or affective/normative commitment. Those needs will be empirically explored in relation with members' perceptions of co-operative ownership and democratic control. To conclude the theoretical framework, the chapter dedicated to the methodology and its processes will be utilized next as a point of reference.

### 3.0 Methodology

The following section will thoroughly discuss the research methodology and methods which were selected for this thesis. The methodology and the research design will be justified by the research question, as the choices ought to be directed by a researcher's aspirations and expectations for the thesis (Saunders et al., 2009). This chapter proceeds with a detailed rationale for choosing a qualitative research methodology. Then, it looks into the six layers of the 'onion framework' (Saunders et al., 2009) to which justifications of the researcher's choices are made. Explicitly, "*philosophies, approaches, strategies, choices, time horizons and techniques and procedures*" (Saunders et al., 2009, p.138) demonstrated in Figure 3.1. After presenting valid and reliable reasoning for selecting the layers, each will be separately discussed further into the methodology section. The chapter will be crest with the overall evolution of the quality of the research design and an introduction of the sampling's methods.



**Figure 3.1: Research Onion (Saunders et al., 2009, p.108)**



### 3.1 Qualitative Research

As mentioned earlier, this study follows qualitative research that focuses on a broadly defined humanistic approach and non-numerical data (Punch, 1998). It is an empirical research that concentrates on understanding people's behaviours, experiences, attitudes and interactions. The choice of this approach has several advantages in terms of this study. It allows scrutinization of a complex phenomenon for its meticulous understanding by accessing information coming from peoples' experiences, behaviours and perspectives upon the topic. Especially, taking into consideration the nature of this thesis, where the main priority is to analyse how workers' understandings on worker-cooperative structure based on cooperative ownership and democratic control affiliate with their perspectives on engagement. As specified by Saunders et al. (2009), qualitative research can accumulate a plethora of outcomes and the relations between them, so the empirical findings will be more insightful. Hence, the qualitative attention to detail allows us to analyse the different dimensions of the problem by identifying peoples' responses on the specific processes, their reasoning, and the circumstances of the occurrence. Only then, the researcher will be able to understand the complexity of the problem and its source.

There is in fact a large body of quantitative research upon engagement, usually in forms of self-report surveys or questionnaires (Attridge, 2009). Those tools have been generally used by practitioners and consulting firms in order to measure a peoples' engagement with their work and to investigate the organisation itself (Ibid.). As explained in the previous section, this phenomenon; despite all the effort - has not been fully understood. This raises a question as to whether the existing methods are sufficient enough to make a difference for people in the workplace. As proved, a highly engaged workplace has positive outcomes not only for the people who work there but also for those who own the business (Meyer et al, 2010). Therefore, the demand for more meaningful and insightful findings provided by a qualitative approach are appropriated.

### 3.2 Philosophy of Science

A research philosophy refers to a school of beliefs that are relative to the "*development of knowledge and the nature of that knowledge*" (Saunders et al., 2009, p. 107). It represents the researcher's views of the surrounding world, its nature, the role people play in it and the variety of

possible ties between them. According to Saunders et al. (2009), there are four identified research philosophies; positivism, realism, pragmatism and interpretivism. There are also three dimensions that are responsible for defining those philosophies; ontology, epistemology and axiology. The choice of the philosophy varies depending on the kind of knowledge being studied (May, 2001). Therefore, only the interpretivism philosophy will be discussed as it is optimal for the specification of this thesis. The dimensions in which this philosophy operates will also be explained to motivate the choices made and deepen the overall understanding of the subject.

Interpretivism stresses the importance for the researchers to recognise differences among humans in their part as “social actors” (Ibid., p. 116). It is understood as “*world of lived reality and situation meanings built by social actors*” as the objective of investigation (Schwandt, 1994, p. 40). Meaning that certain individuals in different places and time strive to develop an understanding of the specific phenomena through social “*complex processes of social interaction involving history, language and action*” (Ibid. p. 40). Therefore, through their past experience directed in certain tangible or intangible things, those individuals create subjective interpretation – meanings. This philosophy then heavily concentrates on the researchers’ role whilst interpreting the meanings based on their own knowledge and background, regardless of whether that be personal, historic and cultural. In relation to this thesis; this is the most practical method to interpret others' perspectives about the topic (Creswell, 2013). Consequently, the selection of interpretivism paradigm can be justified more thoroughly through the lens of the *philosophical assumptions*. Which are the key premises embedded into the interpretative framework for qualitative research analysis (Denzin & Lincoln, 2011).

*Epistemology* is concerned with the creation of knowledge concentrating on how this information is acquired and assessing the most effective ways to obtain the truth (Saunders et al., 2009). While gathering data, the researcher began with explaining the nature of the study, the reasons for choosing the participants and the topic itself. Hence; by entering the research situation, the both sides were equally influenced - co-constructing the reality at the same.

The second philosophical assumption to be considered is *ontology*, which is usually understood as “*the nature of reality*” (Saunders et al., 2009, p.110). In terms of ontology, interpretivism quite often talks about the multiple realities which are products of mental constructs (Ibid.). In other words, the relative is something that depends on each individual’s set of experiences,

beliefs and understandings. Thus; in this thesis, the interpretation of the multiple realities occurred including the researcher and interviewee's subjective and cultural upbringings.

With *axiology*, is a study about "*judgement and values*" (Saunders et al., 2009, p. 116), that researchers carry and thereby reflect them in the study. It talks about the researchers "*being part of what is being researched*" (Ibid. p. 119) and their ability to identify their values for the purpose of constructing their judgements upon the direction of research and its process (Ibid.). Therefore, mutual recognition of the values was conducted, and their consideration led to the final selection of a topic and the planning of the methods used for the data collection. Especially on account of the importance that was put on values while talking about co-operative's structure, the research process treated the possibility of data being influenced by personal values as an inseparable element of the study. While trying not to be too subjectively involved which may produce heavily biased results.

Last but not least, a dimension pointed by Sanders et al. (2009) that ought to be considered when talking about the interpretivism, is the appropriate choice of the data collection techniques. He emphasizes that the interpretative research usually is followed by "*small samples and in-depth investigations*" (Ibid. p. 119) which mainly include methods specific for an inductive approach like interviews or observation. The choice of the methods used, and the inductive approach will be explained in the upcoming subsection.

### 3.3 Approaches

One of the common characteristics of qualitative research is a "*complex reasoning through inductive and deductive logic*" (Creswell, 2013 p. 45). Inductive logic is understood as creating knowledge from "*the bottom up*" (Ritchie et al, 2013, p. 6), based on their observation of the multiple realities and diligently organising them into patterns, categories or themes (Creswell, 2013). This approach uses those collected findings which are then used as a "*genesis for a conclusion*" (Ritchie et al, 2013, p. 6), where knowledge and theories are built from.

In this thesis, the data analysis was led by the inductive approach that allows a more sophisticated and 'adopted for change' way of conducting the research. In this study, this "bottom up" direction of organising data created more "*abstract units of information*" (Creswell, 2013, p. 45),

by working with data over and over again until the plethora of themes is identified. As a social actor, the researcher actively participated while interacting with the participants which shaped the themes that arose from that interaction (Creswell, 2013). Although; in reality, the simplification of the inductive approach being related to qualitative research is considered to be misleading. Which means that the approach chosen will never be fully inductive or deductive (Blaikie, 2007). For instance, despite using inductive reasoning, *“the kind of data they have generated, the questions they have asked and the analytical categories they have employed”* (Ritchie et al, 2013, p. 6), will often be influenced by assumptions deductively originated from similar studies on the subject. Hence, this research is interpreted as largely inductive, because the interpretation is embedded in the data, but the observations are considered as ‘theory-laden’ (Ibid.), as they are based on primary assumptions.

### 3.4 Research question formulation

*“A good research question (RQ) forms backbone of good research, which in turn is vital in unravelling mysteries of nature and giving insight into a problem”* (Ratan et al., 2018, p. 15). It serves a purpose of exploring the appointed uncertainty identified in the area of concern that arguments a necessity for thoughtful exploration (Ibid.). The research question for this thesis has changed significantly as the research progressed - being constantly revisited and adjusted (Yin, 2014). Hereby, the final form of the research question is as follows: *How do members' perceptions of cooperative ownership and democratic control relate to their engagement?*

The formulation of the research question is organised in a qualitative manner, meaning that there is no dependent-independent variable as opposed to quantitative questions. The questions in the qualitative research are *“open-ended, evolving and nondirectional”* (Creswell, 2014, p. 138). The topic on which the research question is formulated was chosen for being a point of the researcher’s interest. As Yin (2014) suggests that people tend to be too invested and convinced of the righteousness of their topic - which was not the case here. The researcher remained neutral and the primary motivation was to evaluate all circumstances involved with this reality. Hereby, the interest was to explore the nature of co-operative organisations and how those elements are perceived by the people directly involved in them. Based on conscientious overview of the current issues happening in the contemporary workplace, the main focal point was the decrease in the number of employees being engaged in work (Huq, 2016). Therefore, the internal curiosity arose to explore the co-operative

structures in terms of building member engagement as a possible ‘cure’ for contemporary issues in the workplace.

### 3.5 Research Strategy

The next step in unfolding the research ‘onion’ is to think of the purpose of the research (Saunders et al., 2009). This process challenges the researcher to think of the question they wish to find answers to and the objectives of this research. Therefore, this purpose will entirely depend on the formulation of the research question. According to Saunders et al. (2009), the research purpose can be either exploratory, descriptive or explanatory. By looking at the nature of the research question; *“How do members' perceptions of cooperative ownership and democratic control relate to their engagement?”*. Cooperative ownership and democratic control are explored and *taken to the field and tested* in order to gain an understanding on how those elements of cooperative structures work in relation to engagement. Hence, the exploratory research will be explained further as the researcher found it the most suitable for conducting the study. Its purpose is to describe *“what is happening; to seek new insights; to ask questions and to assess phenomena in a new light”* (Saunders et al., 2009, p. 139). Thus, it is used to increase the researcher’s understanding of the phenomenon to obtain new perspectives and create problems that are less imprecise. When it comes to data collection, there are typically five methods that can be used in exploratory research (Yin, 2014). Namely; *“case study, survey, experiment, history and archival analysis”* (Ibid. p. 9), which the former – *the “case study”*, will be selected as a research strategy.

The choice of the exploratory study can be argued from several perspectives. Firstly, it is *“flexible, adaptable to change”* and highly interactive (Saunders et al., 2009, p. 140). That allows the researcher to be more creative which makes the study more insightful and informative. Additionally; the ability for change keeps the researcher’s mind open to new directions and ideas. Lastly, using qualitative interpretive case studies gave a foundation for exploratory research as the study tries to uncover a theory from the data, and not from the prone assumptions (Polines, 2015).

#### 3.5.1 Case Study

As stated above, the use of multiple case studies will serve as the research strategy for this thesis. According to Robson (as cited in Saunders, 2009) a case study is a *“strategy for doing research*

*which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence*” (Ibid. p. 146). In other words, it involves using a particular case to preserve a holistic and real-life perspective (Yin, 2014) and when the researcher’s motivation is to increase the understanding of the complex social phenomena in which occurring *“behaviours cannot be manipulated”* (Ibid. p. 12). The ‘case’ can be defined as both confined and placed within the parameters of a specific dimension like place or time (Creswell, 2013). While its contemporary character reflects the ability to collect up-to-date accurate data for the valuable research (Ibid.). In most cases, only the specific minor area or partial number of events, people and their interactions are included as a subject for research (Zainal, 2007). The case study as a strategy is the most vital when the researcher’s motivation is to increase the understanding of the complex social phenomena in which occurring *“behaviours cannot be manipulated”* (Yin, 2014, p. 12).

In terms of the viability of the case study, several advantages could be mentioned. The process of data evaluation is organised with a consideration of the context that this data is collected from (Zainal, 2007). For instance, in the particular settings in which the phenomenon occurs. Another advantage stresses the amount of different types of techniques that a researcher may obtain from the case study and its ascendancy over other existing methods. Unlike historical study for example, the strengths of case study arise from its ability to accrue multiple sources of information – *“documents artefacts, interviews and observations”* (Yin, 2014, p. 12). Therefore, gathering data through multiple methods facilitates the researcher’s understanding of the complexity of the everyday situation which then could be thoroughly described and explored (Zainal, 2007).

There are several types of qualitative case studies that differ depending on how big the particular case is and what purpose it serves. In this study, the answers for research questions will be provided based on two worker co-operative organisations, which the same theory on engagement will be tested on – *“the multiple case studies”* (Creswell, 2013, p. 99). The choice of this type can be motivated by adding the broader perspective that the data can be analysed on. Not only, it provides insights for each situation, but also across them (Gustafsson, 2017). They can be applicable when it comes to highlighting the differences or similarities of the likely results that those cases provide. Which; in the end, predominates whether the expected findings are beneficial for the study (Ibid.). Although, the examination of the two cases will concentrate specifically on two particular processes that the worker co-operatives perform; shared ownership and democratic control; leading towards

*embedded analysis* (Creswell, 2013, p. 100). Simultaneously, taking into account the entire organisations in which those units of analysis occur (Saunders et al., 2009).

The choice of this particular strategy also has its limitations. To the most apparent pertains to the lack of rigour motivated by Yin's argument (as cited in Zainal, 2007) that "*too many times, the case study investigator has been sloppy, and has allowed equivocal evidence or biased views to influence the direction of the findings and conclusions*" (p. 5). To prevent this from happening, it is significant for the researcher to be aware of their role as a participant and observer in case studies to prevent possible interference with data (Mora, 2012).

### **3.6 Research Choices**

Moving closer to the centre of the 'research onion' the choice of using either "*a single data collection technique and corresponding analysis procedures (mono method) or multiple data collection technique and analysis procedures (multiple methods)*" (Saunders et al., 2009, p. 151) ought to be made. In this thesis, the multiple methods design will be selected but it will be restricted only to a qualitative extent which this study already follows – *a multi-method qualitative study*. It tends to provide better opportunities for the researcher to answer the research question and elevate the validity of the research (Yin, 2014). Which creates a more validated and holistic view of the problem. To assure the proper validation of data, the triangulation method will be implemented (Ibid.). According to Saunders, it refers to the "*use of two or more independent sources of data or data collection methods to corroborate research findings within a study*" (p. 154). Thus, it mitigates the margin of error in the meaning; where the data which the researcher understands allies with what the data actually means. There is one major limitation when it comes to selecting the multi-method design. With so many different methods used, the detailed analysis of each one may be too time-consuming and difficult to manage. Hence, this thesis limited the methods to provide an in-depth analysis on the subject.

### **3.7 Time Horizon**

The last dimension of the 'research onion' before going into the data collection and data analysis section is the choice of time horizon. This diversification on which time horizon to choose from will depend on whether the answers for the research question will be sought at the specific

position in time, or over a given period (Saunders et al., 2009). Saunders (2009) calls it either a “*snapshot*” when talking about research being cross-sectional or the “*diary*” perspective which presents research as longitudinal (p. 155). As this thesis is a study of a specific phenomenon happening at the specific point in time, it will have a cross-sectional character.

### **3.8 Data collection techniques**

After the detailed explanation of the ways and purposes of the conducted research, the focus is now on the central piece of the research onion framework – data collection and data analysis. According to Creswell (2007), data collection is “*as a series of interrelated activities aimed at gathering good information to answer emerging research questions*” (Ibid. p. 146). This information can be obtained through the use of secondary and primary data. Here, both of the sources will be thoughtfully explained, and the choices of their use justified. At this point, the choices made will have a major contribution towards the overall reliability and validity of the conducted study (Saunders et al., 2007). Data collection techniques and analysis are directed by the previous methodological selections made (Bryman, 2012). Moreover, this section will elaborate on how the obtained data are collected and analysed, source of data, the sampling methods and ethics of the research.

#### **3.8.1 Secondary data collection**

The use of secondary sources allows the researcher to reanalyse the existing data which they have collected to help with finding answers for the research question and to meet its objectives. Secondary sources may include raw data, sometimes with a negligible processing, or previously assessed compiled data (Saunders et al., 2009). There are three subsections that the secondary sources were divided into. Namely, “*documentary data, survey-based data and those retrieved from multiple sources*” (Ibid. p. 258). Only the former will be explained as it was found to be the most vital for the study. Saunders et al. points (2009) that the main advantage for using the secondary data is its ability to compare that data to a more general context. This can result in discovering new perspectives and ideas as the scope of research was limited. It also makes the research more reliable as the primary data supported by the secondary source is publicly available and relatively easy to evaluate by others (Saunders et al., 2009).



In this research some of the secondary sources were practiced placing the findings within the more universal setting. The main sources were websites and articles of the two worker co-operatives; *Shopfront and Five Point*. This is in order to give the reader the necessary background for understanding the specification and nature of the co-operative organisations. The use of annual reports was also selected to gather the more detailed scope for the case description.

### **3.8.2 Primary data collection**

With primary data collection, the data is obtained by the researchers directly from the source. With a variety of different methods that can be categorised as primary sources like “*direct observation, participant observation, interviews, focus groups, documentary sources, archival records, and physical artifacts*” allows major insights to develop (Polines, 2015, p. 540). According to Yin (2014), a categorisation from “the best to worst” source is not possible, but rather they are being seen as subsidiary and mutually inclusive.

#### **3.8.2.1 Interviews**

In this thesis, the primary source of data for a qualitative multi-case study is the interview. In simple words, an interview is a “*purposeful discussion between two or more people*” (Saunders et al., 2009, p. 318). It allows you to collect highly valid and reliable data that is aligned with the research question and its objectives. Thus, interviews were decided to be used as a source of data collection for showcasing the participants’ perspectives and understanding (Ibid.) on co-operative structure and how those processes relate to their engagement. The reason for choosing this method can be distinguished by the fact that it is most relevant to these case studies. (Yin, 2014). They allow the researcher to lead in depth analysis of the relevant issues, find out people’s opinions and feelings upon a specific topic and to identify new sources of evidence (Ibid.).

This research was conducted using semi-structured interviews, which enables the researcher to make some adjustments to the premade list of questions depending on the “*flow of the conversation*” (Saunders et al., 2009, p. 320). With this method, the researcher could decide on the spot to ask additional follow-up questions if the topic needs further exploration. Alternatively, they could ignore some questions if the context seems less relevant as opposed to other cases. In addition,

semi-structured interviews are highly recommended to gather exploratory data in order to find relevant answers for the research question (DeJonckheere, 2019). Even though, according to Saunders et al. (2009) the unstructured interviews are more suitable for the exploratory research, the researcher decided to preserve the same format for organising questions so the answers in those two companies would be comparable. Apart from one-on-one interviews, the interviewer conducted a group interview with the company's representatives. Those three participants were purposely selected, as they are the one who equally own and manage the business, which is the main group of focus in this study. The main limitation for carrying this type of interview pertains to peoples' answers being influenced by the presence of others. Although; in this situation, having the interviewees who are on the same "*horizontal slices through an organisation*" (Saunders et al., 2009, p. 344), build a high quality and insightful overall understanding of the problem. All the questions were structured in the open-ended and informal manner, so the discussion would allow the interviewees to feel confident and comfortable for sharing. The researcher was able to gather data from seven participants across two co-operatives (Interviewee 1 - 7). The table of interviewee can be found in Appendix 1. All the interviews were performed in English as the companies were located in both America and Australia.

#### **3.8.2.1.1 Online Interviews**

Due to the current situation, all the interviews were handled electronically via Skype and the observations were impossible to conduct. One of the most advantageous utilities of Skype as a tool for collecting data is its ability to overcome the barrier of "*time and space*" (Lacono et al., 2016, p. 4). Which means that researcher can network with participants who are beyond their geographical range and circumvent different cultures; whilst being time-efficient and inexpensive (Ibid.). The researcher; due to the current events - where no other option for collecting data was possible, has used this to their advantage for contacting a co-operative from a different country to "*throw light on meaningful differences in experience*" (p. 4). As co-operative organisations exist all over the world, focusing beyond the geographical-centric sample made the final comparison more insightful and diverse (Lacono et al., 2016). Lastly, considering the flexibility, Skype offers a free software that can be installed on a variety of devices which is cost-efficient that can be accessed regardless of the researcher's and participants' current location (Mirick & Wladkowski, 2019).

Despite the many perks that online interviewing offers, there were certain limitations to be considered which challenged the researcher's alignment with the philosophy chosen earlier. One of the areas of being affected is building an effective rapport (Lacono et al., 2016). Which is an integral part of making the participants comfortable for sharing by means of establishing safe environments based on mutual trust (Ibid.). There is a claimed level of disconnection between the researchers and participants, due to the interaction of being within each other's personal space (Mirick & Wladkowski, 2019). In order to build rapport, the researcher was systematically emailing the participants to express gratitude to and gradually form a relationship with them. Another area that affects the interpretation of the meanings is the lack of visible non-verbal cues that could add richness to the qualitative data (Lacono et al., 2016). Even though, all the Skype interviews were in the form of video calls, not all the gestures and body languages were to be identified (Ibid.). Thus, the researcher's focus was concentrated on "*participant's voice and looking carefully at their facial expressions*" (Ibid. p. 7). By being observant and informative towards the participants, the researcher was able to interpret meanings built up on multiple realities (Creswell, 2013). Lastly, there is another aspect that needs to be addressed - *ethical considerations*, although; due to its significance for the research, the researcher decided to dedicate its a separate subsection where this will be discussed further.

### **3.8.2.2 Research diary**

Another method that proved to be extremely beneficial for the study was keeping a research diary. Moving forward with the research, there were aspects and ideas that evolved or developed as the process unfolded. This method was not preordained to serve that purpose, although as the process continued, the researcher found it very advantageous. The diary was kept from day one when the research began from organising ideas on what the most intruding aspects of the co-operatives are; and whether they are worth pursuing. The diary included all sorts of notes which were taken from personal observation with theoretical and methodological considerations. By keeping those notes, the certain findings which will be discussed under the analysis section would have otherwise not been identified as important and crucial for strengthening the final argumentation of the research (Saunders et al., 2009). Lastly, to resolve the moments of confusion and feeling 'lost in the process', it was imperative to intermittently reference the diary to pivot back on track with the right thought process.

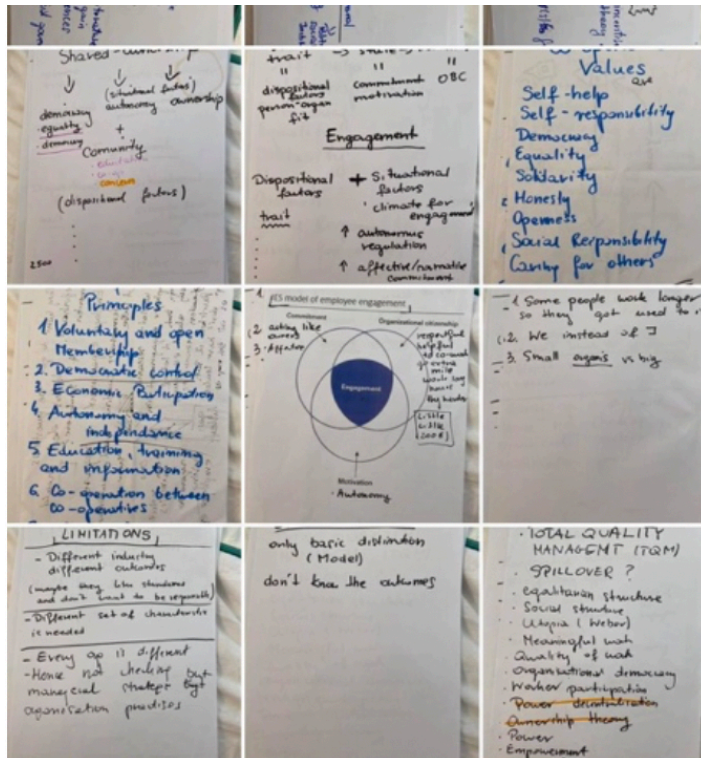
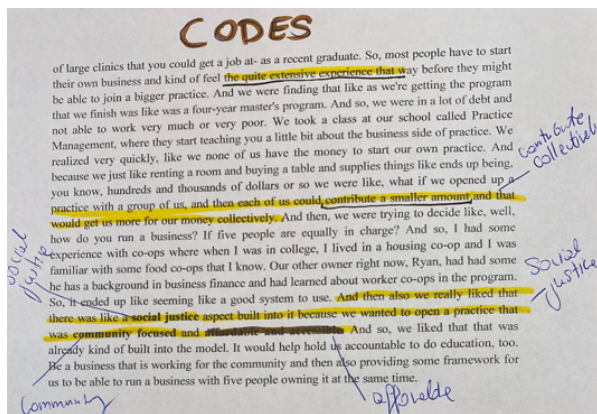


Figure 3.2: Research Diary

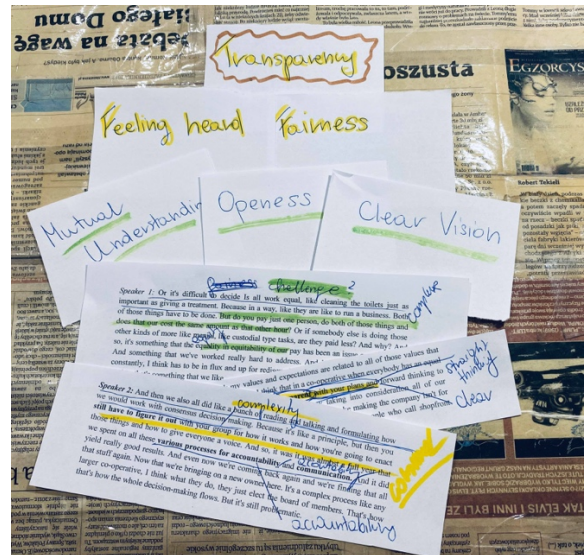
### 3.9 Thematic analysis

The data analysis in this thesis followed the thematic analysis which can be seen as a fundamental method for the qualitative analysis. Thematic analysis (TA) “*is a method for identifying, analysing, and interpreting patterns of meaning (‘themes’)*” (..) *unbounded by theoretical commitments* (..)” (Clarke & Braun, 2017, p. 297). The main advantage of using this analysis is its “*theoretical freedom*” that leads to obtaining rich and detailed information across a complex set of data (Braun & Clarke, 2006, p. 78). In this analysis, the researcher followed the six steps process presented by Braun and Clarke (2007), starting from the familiarization with raw data. All the data from the recorded interviews were transcribed, so it could be easily accessed and transparent. The process of adaptation demanded by the researcher was to go back and forth across the whole data in order to look for codes. In the second process, the researcher decided to code the data without trying to match it to any previous presumptions. The codes; as the thematic analysis states, can be identified on two levels; semantic or interpretative (Braun & Clarke, 2006). As shown in Figure 3.3, the application of both serves as tools for selecting relevant codes. Some codes were easy to be identified without looking beyond what the interviewees said (semantic), while some challenged the researcher

to examine broader meanings of what had been said (interpretation) (Ibid.). The data was coded separately from the two co-operatives; Shopfront and Five Point. The next steps included the ongoing process of searching for sub-themes (Figure 3.4); which the codes have built the foundation for. Afterwards they are revised for the final themes with clear names and definitions to be identified.



**Figure 3.3. Searching for codes of themes**



**Figure 3.4: Process of development**

Thematic analysis can be categorised as a moderately straightforward procedure for qualitative analysis, which makes it very adaptable to changes. It allows to work with large sets of data which creates a “*thick description*” (Braun & Clarke, 2006, p. 97) of that data. Additionally, it makes the visible distinction between differences in the data and draws comparisons where possible which may produce surprising insights (Ibid.).

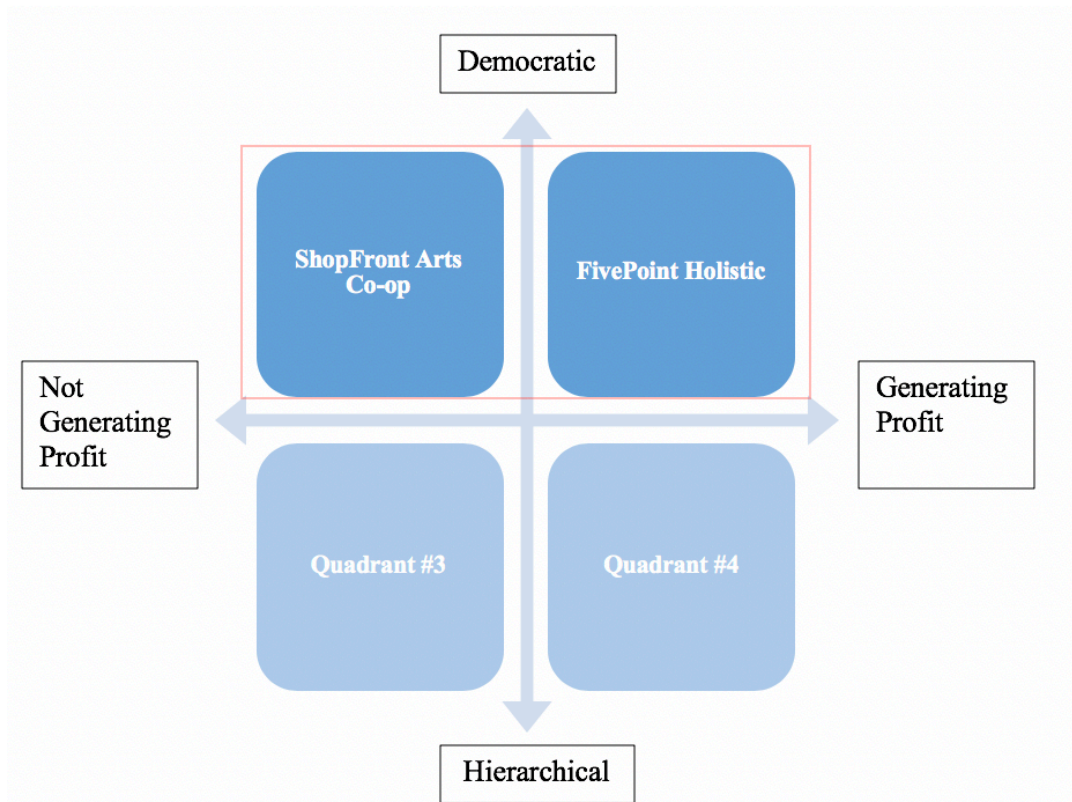
Although, the flexibility of this analysis can create confusion for the researcher as to what to focus on as the circumstances were poorly defined and claimed. Lastly, its interpretative ability is limited by the extent to which is placed within the theoretical framework that supports it (Ibid.). Moreover, Barbour (2014) talks about certain criteria that can ensure the quality of analysing the qualitative data. One of them is to keep the analysis “systematic and thorough” (p. 4) by the use of the other written texts; like background information about the topic or features of the participants. Also, the documentation of the frequency is important in which the codes occur, to understand the context of what has been said and why (Ibid.). Hereby, the researcher was paying attention to pattering

data and constantly going back to it to refine them if needed so that the quality of the qualitative analysis could be preserved.

### 3.10 Sampling

Sampling strategies have a prominent impact on the thesis as they determine the way in which the sample is selected (Silverman, 2009). Which then creates the population to which the findings will be generalized. That population is defined by all the cases being characterised under the same criterion (Saunders et al., 2009). Due to the fact that collecting data from the entire population is impossible and impractical, the non-probability sampling technique was selected to get a sample for the thesis. With this type of sampling, it is not possible to identify the probability that every case will be incorporated into the sample (Ibid.). Hence, each of the techniques that this sampling method offers will be based on subjective judgment (Ibid.).

To select the right sampling technique, the researcher followed a graph created by Saunders (2009) which can be found in the Appendix 3 The process of reasoning for choosing the right technique went as follows. The sample could not be collected from the whole population, nor statistically reflected, where all the cases in a sample are small and easy to identify which led to choosing *a purposive sampling*. This technique; interchangeably called judgemental sampling, allows the researcher to follow their judgment in selecting cases that are the most suitable for answering the research question. The purposive sampling's strategy chosen for this thesis was *homogeneous sampling* which focused on a "*sub-group in which all the sample members are similar*" (Saunders et al., 2009, p. 240). When adopting a case study strategy; where interviews are the main method for collecting data, the sample from both case studies (organisations) and the people within these organisations have to be selected (Saunders et al., 2009).



**Figure 3.5: Four-fold institutional typology**

In result; illustrated in Figure 3.5, the sample was purposely selected by choosing participants who equally own and manage the business. Where the processes of shared ownership and democratic control are understood and executed in accordance with a cooperative manner. This allowed them to sample those companies which are democratic in nature, and where the distribution of power is equally divided – worker co-operatives. With choosing two worker cooperatives that have a different approach to generating wealth, the sample can be applied to a larger population of worker co-operatives; regardless of whether they generate profit or not, so to make the findings relevant for other organisations of similar characteristic.

### 3.11 Ethics

Ethics is an inevitable part to be considered when research is organised around human subjects and the interaction with them in their environment (Silverman, 2009). The main role of the researcher is to fairly and accurately examine the collected data in order to build trustworthy and credible research (Yin, 2011). It demands a lot personal integrity to report data with as much transparency as



possible (Ibid.). The researcher has considered all the gathered data from the interviews, whether they supported the study or not. Those ethical considerations inform the researcher's ability to create knowledge from "*subjective meanings and social phenomena*" (Saunders et al., 2009, p. 119), that is not obstructed in order to discover the truth. Hereby, the researcher's original premise on the study got challenged as some participants' perspectives diverged from the area of interest (Yin, 2011). The other things to consider is the researcher's demographic profile which could interfere with researcher's interpretation of events; and the impact that this may have on participants' responses (Ibid.). So, the position of the researcher has to be directed in identifying those implications to continue making ethical choices.

When conducting research, there are general principles that the researcher was aware of. While contacting the selected co-operatives in the research proposal the inquiry for the "*voluntary participation and the possibility to withdraw*" from it were clearly stated and articulated (Silverman, 2009, p. 153). Moreover, at the beginning of each interview, the researcher ensured that all the information will not be used outside the scope of research and their responses will remain anonymous if needed. All of the participants agreed for their interviews to be recorded, providing the researcher with either signed letters of consent or oral confirmation. Additionally, some of the participants wished for their names to be hidden. The reason for this attitude could be motivated by peoples' fear of saying something that would make them uncomfortable or embarrassed (Saunders et al., 2014). Thus, the researcher has decided to replace the names of all the participants with interviewee's 1, 2, 3 and so on. That "*increased participants' willingness to share their experiences, and to do so very openly*" (Saunders et al., 2014, p. 619).

Both organisations were informed about the research purpose, its objectives and how much contribution they can make to the ongoing conversation about the nature of co-operatives. One of the biggest challenges with organising data collection in an ethical way was to structure and organise questions to create an environment that made them feel safe for sharing. Since the researcher touches upon member-owners' motivation and commitment towards the certain processes in the co-operatives, there was a high possibility of putting them in an uncomfortable position, as those experiences can be considered as personal. Therefore, the researcher put a lot of effort into explaining what processes the research concentrates on and where "*there are no right or wrong answers and I am interested in your views and opinions on the topic as every insight counts*" (see the Interview Guide in Appendix 2).



### **3.12 Limitations**

As mentioned earlier, the study came across some constraints that the researcher had to be informed of. In the times of social distancing the methods used for this study had to be limited. The number of pre-organised interviews reduced as well, as all the contacted co-operatives either closed or moved all their operations to an online platform for their safety precautions. This decreased the size of the sample, and even though the significant relationships from the data were identified, the bigger sample could bring more insightful results (Yin, 2014). Therefore, there is an emerging need for future research to expand on this study, where the use of additional primary sources would be applied. By doing a qualitative research there is also a subjectivity problem while conducting and interpreting data, which could manipulate the results. Despite the effort of being objective to observe and interpret the realities like they appear, the critical evaluation of the conducted process had to be recognised. Hereby to eliminate subjectivity, the multi-methods research should have been used, to extend the research of quantitative data collection techniques.

## 4.0 Analysis

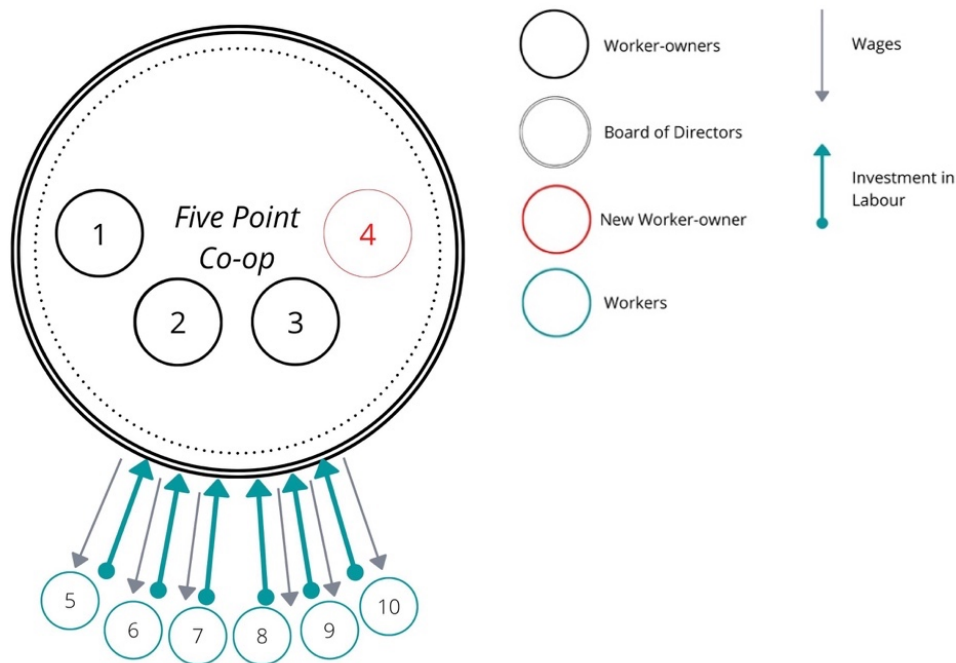
In this chapter, a comprehensive analysis of the themes will take place, as they were instrumental to distinguishing the degree of the participants' engagement. The analysis cultivated based on the interviews of three worker-owners at Five Point and four one-on-one interviews with worker-owners at Shopfront. The direction of these interviews was intended to establish a reflection on the democratic control process and cooperative ownership. The analysis of the findings is divided into two parts. Firstly, the comprehensive description of both cases will be presented, taking into account the simplified organisational structures for a better understanding of those findings in the upcoming discussion. Secondly, all the themes recognised for both co-operatives will be presented; highlighting the differences between them if they are apparent. Additionally, some of the personality traits findings will be considered as they were found to be impactful for the upcoming discussion.

### 4.1 Five Point - Case description



Five Point is a worker co-operative operating in the United States. Located in Chicago, its mission is to provide accessible holistic healthcare to increase wellbeing of body, mind, and emotions. As pointed out in Figure 4.1, the co-operative structure consists of ten workers, among which there are three worker-owners. Given the small nature of the cooperative, those worker-owners at Five Point decided to identify as directors of the co-operative. Unlike other traditional business models, after fulfilling a probationary period of 6 months all workers (represented by 5-10 in Figure 4.1) are given the opportunity to be awarded ownership. Consequently, they would have the prerogative to share in the overall success of the business and be involved in its operations where their influence would manifest in the future direction of the co-operative. In the upcoming months, the co-operative will welcome another employee who is on their path to ownership (shown as number 4 in Figure 4.1).

This simplified structure is included to better understand the environment in which the themes were identified and to highlight the differences between the two co-operatives when leading the discussion.



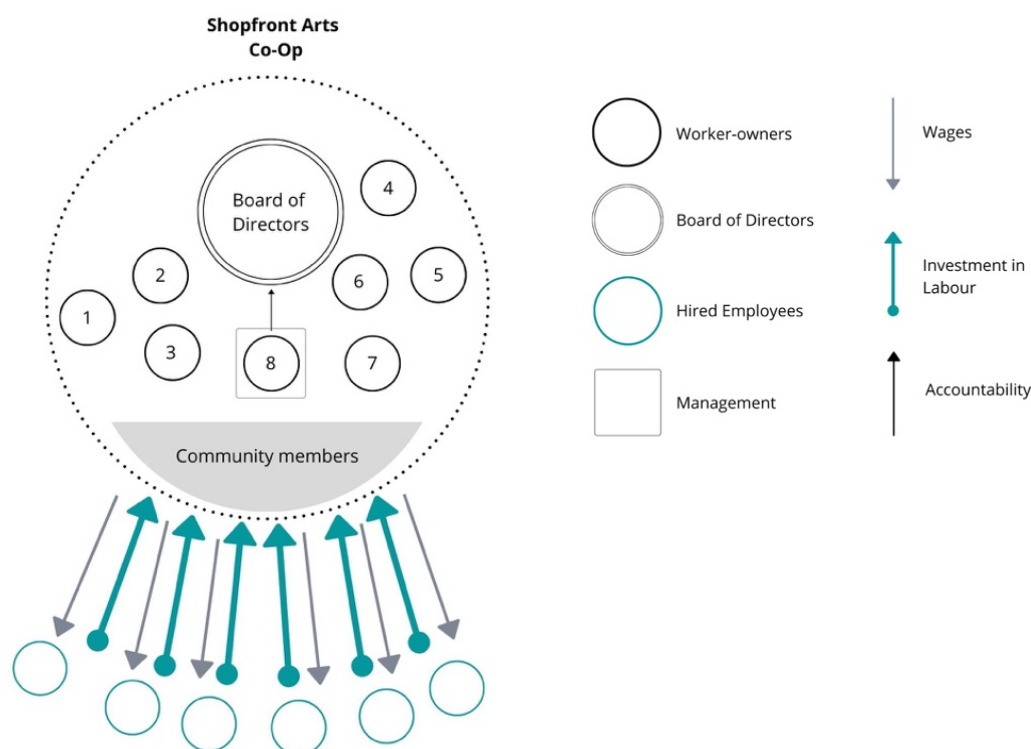
**Figure 4.1: The simplified Five Point structure**

Due to the specification of this worker-cooperative, membership is exclusive to candidates who have the relevant qualifications to meet their standards. Although once obtained, the ownership is voluntary, and there is no discrimination on the basis of gender, gender identity or presentation, sexual orientation, race, ethnicity, religion, age, disability, or other protected classes (Five Point website). With reference to the democratic decision-making process, all the worker-owners participate in the planning, management and policies regardless of its significance or its association to them personally. Additionally, before workers transition into ownership, they are required to contribute a set amount of capital to the company. This is reinvested back into the very foundations of the cooperative which ensures egalitarian governance in association with the democratic process and the distribution of wealth.

## 4.2 Shopfront Arts Co-Op – Case description



Prior to registering as a co-operative, Shopfront identified as The St George Theatre for Young People. In 2015, the co-operative decided to reinstate themselves under the name of Shopfront Arts Co-Op as the status of the organisation was amended, which subsequently matured into a worker-consumer hybrid cooperative. It is a combination of the two most common co-operatives - worker co-operative and consumer co-operative (Shopfront website). Hence, Shopfront is managed by a binary system; there is the community of young people holding the rights to vote (consumers), and worker-owners who own the company and work for it in duality making this collaboration possible (workers). It guaranteed greater integration of a range of art forms including performance, filmmaking, writing, physical theatre – all with a strong focus on developing young people's creativity, confidence and communication skills (Shopfront website). Shopfront is a non-distributive cooperative; thus, they subsist through grants, sponsorship from the government, philanthropic foundations and the generosity of individuals/businesses. Those partnerships are crucial to the influence of the company's work with young people in the community. Moreover, Shopfront collaborates with schools and community organisations to tie professional artists with young members. To understand the setting in which Shopfront is embedded, and the differences in participant's opinions across two co-operatives - the simplified organisational structure in Figure 4.2 is outlined as it was found consistent with the upcoming discussion.



**Figure 4.2: The simplified Shopfront Arts Co-op structure**

In this type of co-operative, the power is distributed between the workers and community members. The Shopfront organisational structure presented in Figure 4.2 consists of around two thousand five hundred community members and eight worker-owners. Those community members are placed within the structure as their membership gives them the right to be democratically involved with the future of Shopfront according to the “*Member Democratic Participation*” (ICA, 1995) principle which all cooperatives should follow. As a youth-led arts co-operative, the community members have a say in all the decisions by being invited to the Annual General Meetings and have a right to elect a given number of people for the board of directors. Due to a large number of members, the board of directors is elected annually. Their main responsibility is managing and running on behalf of the community members whom they have emanated from. The board of directors are also responsible for deciding upon the activities that the co-operative will engage in, whilst the worker-owners (Figure 4.2 from 1-7) with the forefront of the executive director (alternatively called the general manager) (8) are responsible for the competence of how they are executed. The majority of the contracted employees are the artists who are not classified as members and therefore are exempt from democratic involvement. Additionally; as a co-operative, there are various opportunities for artists and arts-workers to join the team if the specific conditions are met.

Despite the fact that both organisations derive from the same co-operative principles and values, Shopfront and Five Point bear some differences which are exhibited in several aspects. The underlying differences pertain to distribution of wealth and their organisational structures. Five Point is a distributive organisation, which disperses surplus funds to its members whereas Shopfront is non-distributive; meaning that the entirety of funding is reinvested back into the activities and functions of the company. In terms of organisational structure, Five Point operates as a worker-cooperative which is democratically run and owned by its workers. It is embedded in its community, but the prerogative to vote is placed solely on the worker-owners of the co-operative. Shopfront on the other hand is a worker-consumer hybrid, which not only is owned by the worker-owners who work there but also by the community itself. Considering what Shopfront represents is a community-based movement - the community is involved in the decision-making process as well.

### 4.3 Findings

In this section, the themes found relevant to both co-operatives; Shopfront and Five Point will be outlined. Despite their extensive of significance for both organisations, some of those themes are perceived differently depending on the participants' perceptions towards the co-operative structure and democratic control and its structure. Hence, the themes will be analysed for both co-operatives separately, highlighting the differences between them if needed. All the presented differences will be further addressed in the discussion chapter.



#### 4.3.1 Sense of Belonging

This theme was chosen for its relevance to the nature of co-operatives and the feeling of belonging that people in Shopfront and Five Point have developed. This sense of belonging is experienced through the community affiliation. It binds people together by the existence of common goals, vision and values.

#### 4.3.1.1 *Shopfront*

While being asked about the purpose of establishing Shopfront, the worker-owners alluded specifically to the aspect of social justice that is built into the model. For instance, when Shopfront opened, the structure was automatically embedded in the affiliation with the community around them.

*“I suppose I engage more with Shopfront but mainly because of the structure of the company that has the community involved. So, I think because our members are so invested in the organization then we as a staff are so invested in them”* (Interviewee 6).

In Shopfront, a sense of belonging is built through community affiliation where people share common goals which helps them to feel part of something. It happens because of their internal belief of having mutually inclined interests and visions. *“We all have a shared goal and we're working toward achieving it is really rewarding (...)* (Interviewee 4). Any decision that they make is not for themselves and is taking into consideration all of those young people who call Shopfront their home. This sense of affiliation to a community can be looked at on two levels. Apart from serving the community by providing equitable and inclusive access to participate in an artistic and cultural activity (Shopfront website) there is also an unwavering sense of community projected by the owners themselves.

Moreover, while rebranding they changed the Shopfront logo and its description to better reflect the identity of all the members involved in the co-operative. So, the logo turned out to be *“creative, fun, and a little bit different – just like us!”* (Shopfront website). As stated in the Annual Report (Shopfront, 2018); *“our quirky community is a welcome space for all, where every voice is valued”*. This is highlighted by a variety of initiatives that Shopfront involves their members in, such as the film competition in which they are encouraged to record a 5-minute video on *“What Community Means to Me”* (Shopfront Facebook page).

#### 4.3.1.2 *Five Point*

In Five Point, this sense of belonging is understood from two perspectives, there is a common feeling that *“you belong more as (...) you're a part of the business”* (Interviewee 2) when people feel

personally invested in each other and comfortable with each other, *“...it's just liked a relationship, then you're more invested in that relationship because, you know, there's all this time and energy put into it”* (Interviewee 2). The other perspective pertains to the feeling of *“this belongs to me (..) as well as me having that drive and a commitment because it is something that like I own, and I've created (..). (Interviewee 1).* As one recognises that being a business owner feels like *“you're a parent to something like your business”* that they can look at and be proud of (Interviewee 1). Interviewee 3 also talks about *“losing something that it's yours”* as the cost of leaving which they may experience. (Interviewee 3).

As a distributive co-operative, all the worker-owners are personally invested, and their stake across the portfolio impacts on their motivation to stay. So, *“if the end game for you is to participate in something that's growing 'out of your hands' and having people to collaborate with, gets you motivated through the difficult things and stay with the business and keep going”* (Interviewee 3) According to them, running businesses is hard, where there are ups and downs in terms of how you feel about operating.

In Five Point, a sense of belonging to the community can be also considered on two levels. The first one relates to serving the community by delivering the accessibility and affordability of medicinal treatments for people (Five Point website). The second, on the other hand talks about a sense of community perceived by the owners themselves. In Five Point, the sense of belonging goes beyond a singular identity, but it rather forms a community bonded by the common values and interests to collectively work towards the same goals. *“You're not just doing that by yourself in like a bubble, you're doing it with people”* (Interviewee 3).

*“I think the one problem that I relate to in my previous employment is that the company builds an identity which doesn't reflect on people who work there, so the employees need to adopt as theirs which isn't the right to go about that”*(Interviewee 1).

In Five Point, the aim was to create a company where every detail down to the atmosphere of the work culture as well as the service and the prices they offer are inherent in their values (Five Point website). *“(..) The things that I value are like freedom, flexibility, creativity, (..) growth and exploration that Five Point doesn't take over. Like I said, I really value my own independence and freedom at five point doesn't take over. It still is like, I don't know. It's quite amazing”* (Interviewee



2, Five Point). As one of the founding members stated; “*we create the kind of business that we would want to go to*”, so it would mirror and enhance all the things that they value in personal life (Interviewee 1).

#### **4.3.1.3 Shopfront vs Five Point**

The main difference in how the sense of belonging is perceived in both co-operatives concerns the distribution of wealth. Shopfront, as a non-distributing cooperative, they do not have a stake or ownership in the traditional way. Although, there still is ownership in cultural/community capital to be gained. Therefore, the sense of belonging is reflected in a feeling of being part of the community, rather than concentrating on the actual ownership. In Five Point on the other hand, where there is a profit to be gained, the sense of belonging is perceived as a feeling of being part of the community as well as having the actual stake in it.

#### **4.3.2 Self-direction**

This theme was selected as it was deeply relatable to members of both co-operatives when talking about the ownership structure and democratic control. It allows them to organise their jobs in a flexible manner and provides the freedom to shape the co-operative in the way they want.

##### **4.3.2.1 Five Point**

While asking participants from Five Point about the level of their engagement in terms of having a stake in a business, the founding member described that process as it “*brings different levels of engagement*” (Interviewee 1). They explained that all the decisions they make, directly impact them and everyone in a “*different kind of wave*” (Interviewee 1). They compared it with working at a traditional company where the salary is fixed, there is a list of assigned things to complete and where the value of employees is metaphorically a replaceable part of a machine. As opposed to traditional companies, Five Point worker-owners have the power and agency to make decisions which they can see the direct benefits of; in their pay or what they are building and creating.

*“So, something I do really like is both that there is that financial piece where, you know, like, ok, if we work really hard and we bring in a lot more business, we're going to directly see the impact of that”*(Interviewee 1).

As long as it's a good business decision, they can act with conviction because they own the business. Alternatively, if they do not like where the company is going, they can always appeal to their co-workers to change it. Unlike in the traditional workplaces, *“you can't simply propose something or if you can it will not affect you in the same way it does here”* (Interviewee 2). Additionally, they have a full control over setting their own work. This co-operative freedom allows them to make changes which builds a creative workplace where *“it's never boring because there's never the same over and over, and if it starts to get boring like we can just change it if we want to”* (Interviewee 2). The environment in Five Point is perceived as very autonomous, where there is a lot of freedom given to teams to craft responses on the work they do.

#### **4.3.2.2. Shopfront**

The participants from Shopfront also highlighted the difference in what they used to experience in the previous employment where the obligation to do the hours to get paid was their primary motivation. They compared it to a feeling of *“being a cog in the machine”* (Interviewee 7) where you don't have much to say in the organization and you are not directed by any purpose that would be meaningful. *“So, when you're in the environment that you know that you have the power and agency to do things you can break out of that wheel.”* (Interviewee 7).

There is a lot of flexibility where the owners set their own tasks, deadlines, goals and workflow which they often do in conjunction with another person. However, as they say, *“I don't have somebody stipulating what I do”* (Interviewee 4). For them, the flexibility creates more ways to be more passionate and excited about the things they are involved in. When you feel self-directed and your opinions matter, *“you are in some way in control of your success or failure (..) (Interviewee 7),* which motivates people to go the extra mile to get the expected outcome.

#### **4.3.2.3. Shopfront vs Five Point**

Based on the findings, the self-direction in Five Point manifests itself through the power and agency to make decisions which they can see the direct impact of. Similarly, in Shopfront, occurs through the freedom to make decisions and flexibility with setting their own tasks, deadlines, goals and workflow. Therefore, this flexibility and freedom were built without higher control and the worker-owners of both worker co-operatives do not have anyone above them to stipulate what they do.

### **4.3.3 Transparency**

The identified theme was found to be applicable to both co-operatives as it shapes an environment for people to feel productive, heard and treated in a fair manner. In both co-operatives this transparency is understood as a tool for endorsing openness, mutual understanding and identifying a clear vision of how the co-operative should function.

#### **4.3.3.1 *Five Point***

Five Point is perceived as the system which values making things equitable; *“which doesn't necessarily mean everybody gets the same, but by figuring out a system that works and makes sense for everybody and then being very clear that this is how this system is working, this is”* (Interviewee 3). In this social setup, members of Five Point can scrutinize every concern or inquiry of how things are being run, so that they can have an open discussion about the topic. *“We are all here for each other, so we have safe space here for everyone to share their opinions freely”* (Interviewee 3). Fair treatment was identified as a main aspect of transparency in Five Point as no decisions can be made without the worker-owners knowing or contributing which is built through informal meetings with everyone in attendance:

Five Point achieved strong transparency in the democratic decision making where people feel heard and treated in a fair manner, however preserving this transparency is challenging. It is a complex but rewarding process that demands relentless work from the people involved – *So, to me, it feels like the most equitable solution for what is a very complex issue* (Interviewee 2). According to the founding member; *“you still run into situations where people feel like they're not heard, or their voice is not represented”* (Interviewee 2). There is a challenge of enacting democracy, so that everyone has an equal voice by making space for all the voices to be heard, even in a small business

of ten people Another challenge pertains to the amount of time that can be spent on crafting decisions that ensure the satisfaction of the community (Interviewee 2). *“So, it makes it more difficult to, like, move things very quickly. Which can take up a lot of time before the decision is made”* (Interviewee 1). To prevent this from happening they put some systems in place by dividing the responsibilities across four different teams which helped them with accountability.

It took an extensive reading, talking and formulating to reach a consensus on how they would govern the decision-making process. *“Because it's like a principle, but then you still have to figure it out with your group for how it works and how you're going to enact those things and how to give everyone a voice”* (Interviewee 2). It took them a full year to establish these various processes for accountability and communication to split those responsibilities and make the process less complex so they would not have to vote on *“what brand of toilet paper do we buy”* (Interviewee 3).

When examining transparency, the Five Point interviewees emphasised fairness as its priority and they came to realize that there was a void without it in their previous jobs. For instance, one interviewee criticized the time where their income was not representative of their work, and their lack of power to change that. *“I have a very hard time sitting back and like just being a part of something that I think is either inefficient or unfair or anything like that”* (Interviewee 1). They were specifically agitated by the dissociation within the hierarchy of the organisation which resulted in managers disregarding the value of some of the lower-level work.

Moreover, the equality of their pay has been a point of contention over the years, despite ample attempts to address this, and will continuously be scrutinized as the business develops (Interviewee 2). The feeling of fair treatment is a challenge along with the process of making the work equal. If people feel like they are doing a lot more work than the others, then they could end up leaving the co-operative. *“I think can probably be the undoing of some worker co-ops if they're not careful about it”* (Interviewee 3), this is something that co-operatives have to work really hard on.

#### **4.3.3.2 Shopfront**

Transparency in Shopfront is distinguished as a mechanism for enabling full disclosure, safeguarding a fair environment and preserving the prerogative for people to express their opinions

which are respected by the community. (...) *“Here, we have a voice in everything we do. Here, we make sure that everyone is on the same page to know what's going on and what they're doing”* (Interviewee 5). According to the Interviewee 5 at Shopfront, they hold frequent team meetings, often on a daily basis, to keep everyone informed about the status of the co-operative's endeavours. They stressed the divergence from their previous role in a community organization *“you didn't really know what other departments were doing”* (Interviewee 5). The interviewees also affirmed that regardless of the nature of a decision the co-operative is engaged in; whether an artistic inquiry or *“decisions about getting any buildings (..) or how we brand the company”* - everyone's viewpoint is valued equitably (Interviewee 6).

As an organisational structure, Shopfront collaborates with a community of people who have an equal control over the co-operative. This scale of influence challenges the transparency that the co-operative tries to achieve. It pertains to an issue of efficiently communicating to community members (young people) the purpose of the decisions that they were voting for. The biggest challenge identified by Interviewee 1 is that often the members do not necessarily understand that they have to vote for things, and they do not feel connected to the things they were voting for.

The interviewees concluded that this disconnection may be caused when decisions are more governance associated rather than arts connected, as with the former the community members may not identify with. Another possible reason for feeling disconnected is that democracy only shows up through a voting system that can be formal, informal and sometimes just through open consultation. The results they get from the community members from this formal voting system may not be directly linked with its purpose and the answers may not be consistent with what Shopfront is looking for.

#### **4.3.3.3 Shopfront vs Five Point**

When it comes to differences, in Shopfront this transparency is achieved through a voting system and it occurs on three levels; informal voting, formal voting and through open consultation. Comparatively, in Five Point the transparency is built through informal meetings with everyone in attendance. Moreover, transparency in Five Point is seen more as fair treatment as no decisions can be made without the worker-owners knowing or contributing to them. A similar value is placed by Shopfront, but their primary agenda is to make all voices equality heard on all levels; sourced from

inside and outside the business. One main deviation from Five Point is that Shopfront places a larger emphasis on a member's artistic and organisational input as *“at the end of the day, somebody has to be in control in like finances or governance connected and this sort of things, otherwise we would not survive especially in the arts where funding is such a terrible world”* (Interviewee 6). Hence, worker-owners of Shopfront limit the scope of decisions that community members have to decide on, as some of those decisions go beyond an area of member's expertise.

#### **4.3.4 Supportive environment**

This theme was selected as it reflects the interviewees' feelings of mutual trust, communication and constructive feedback that is assembled through democratic control. This culture of support is embedded in co-operative nature which is a crucial component for democracy and ownership to work.

##### **4.3.4.1 Five Point**

According to Interviewee 1, *“having other owners that you trust and communicate well with, helps to hold you accountable”*. At Five Point, the aim is to stabilize a healthy and supportive environment for themselves so that they, in turn, can provide the same environment and the best care possible to their community (Facebook, Five Point). Since *“at the end of the day all of us want the same thing – make this business successful”* (Interviewee 3). When it comes to communication, the worker-members of Five Point had positive attitudes towards sharing what they know and what their experiences were; not only with each other but also with the community that is outside and inside the business.

*“Well, in almost all of our meetings, (..) we literally have the discussion of like, like what is needed to communicate to our community that's outside the business. What do we need to communicate to our community that's inside the business? (..)”* (Interviewee 2).

Additionally, worker-owners in Five Point are encouraged to consult their ideas as someone on the team may have more expertise on the topic so the outcome could have a better impact on the organisation. *“I'm much more engaged and much happier having people to collaborate with and to fill out the various strength profiles”* (Interviewee 2). Additionally, this culture of support was built through numerous meetings and communication channels that the participants are obligated to

participate in, *“we used to meet every single week for like two or three hours, (Interviewee 3). (..) so now we really all love each other, and we have almost no strife”* (Interviewee 2). This supportive culture translates into tighter relationships based on honesty and mutual understanding. This makes participants aware and respect what is going on in each other's personal lives.

#### **4.3.4.2 Shopfront**

At Shopfront, an emphasis is put on mutual cooperation and *“filling each other's gaps”* (Interviewee 4) where *“being equal collaborators does facilitate the communication between us and the members”* (Interviewee 6). Therefore, it creates a culture of support where people have accountability to other members that inspires you to push harder, in a way that *“I don't think you feel in any for profit shareholder environment”* (Interviewee 7). This also goes down to the feeling of mutual trust which makes space for constructive feedback. According to Interviewee 6, they trust each other in the company and each other's decisions which allows them to have open conversations about decision-making processes. *“I feel like I'm trusted in my role in the organization and my knowledge is trusted (..) and that everybody can give each other feedback and that there is room for critical feedback”* (Interviewee 6). One of the interviewees also pointed out that the feedback that other owners give each other has never been more constructive. *“I always ask people around me if I need guidance if I don't know how to do something”* (Interviewee 4).

#### **4.3.4.3 Shopfront vs Five Point**

The findings in both co-operatives suggest the high level of support between the worker-owners and the community. In Five Point, the source of fostering the culture of support comes from various meetings, open conversations between worker-owners, as well as by sharing the knowledge with the external environment (customers and other businesses). In Shopfront, the culture of support is also created inside the business where people can ask for a feedback, which then is translated to the community members of young people providing artistic guidance based on trust and mutual support. Therefore, both co-operatives create a culture of support and teamwork rather than one based on competitiveness and individual incentives.

#### **4.3.5 Opportunity for progression**

This theme was found to be strongly appealing to participants' responses from Shopfront and Five Point when talking about the co-operative ownership and democratic control. In both co-operatives these opportunities manifest themselves through collaborative idea generation that triggers creativity and boosts their inspiration to progress. Additionally, a subtheme of diversified skill application was found relevant for Five Point, as the co-operative involved the workers in a variety of tasks utilizing the various ways to apply their skills.

#### **4.3.5.1. Shopfront**

After being asked about the level of engagement in relation specifically to the co-operative, one of the first things people from Shopfront brought up was the fact that *“being in this kind of structure gives you the opportunity to go beyond your safe space and pushes you look at things a different way”* (Interviewee 5). Since all the member-owners are equally contributing towards decision making, they encounter inspiration that creates opportunities for progression by generating ideas which they would never have thought of.

*“Usually, we then get a totally different perspective that pushes us to organize events or workshops we would never have thought doing”* (Interviewee 5).

In Shopfront this opportunity for progression is reflected in the development of ideas - this is because the inspiration comes from such vast possibilities. Instead of a single person deciding what someone may think, they can actually actively interact with them about what they think and what they want to know. It all came down discovering that the best products or outcomes that Shopfront has produced have been conceived through a diversity of voices and points of view. In Shopfront, the collaboration between worker-owners facilitates the generation of ideas by making the collaboration between members and professional artists possible. Additionally, they have a special email address set up for the possible collaborations with people interested in sharing their ideas for a program, development or any form of creative inquiry (Shopfront website).

#### **4.3.5.2. Five Point**



In Five Point, the opportunities for progression manifest themselves through the power of voice that allows the owners to be more experimental in the way they organise and execute the business. *(..) I think we can be a lot more like experimental in some ways too. Like somebody is like, oh, I've got this great idea, I want to run a workshop. We're like, cool, great, try it and we'll see if it works"* (Interviewee 2). It boosts creativity which comes from a feeling of '*I can*', rather than '*I have to*'. For instance, conceiving the idea of monthly discount community acupuncture nights as a means to make their services more accessible (Five Point website). Most importantly what Interviewee 2 insisted is that no matter what decision is made or how hard they think for the solution, a democratic process is always going to be more productive and fun - as "*four heads is not the same as one*" (Interviewee 2).

Additionally, Five Point uniquely offers a variety of tasks that each worker-owner becomes involved in; and the ability to utilize each other's skills which creates more opportunities for people to progress. As owners they split up the responsibilities and have a lot of overlap with the things that they do; *you know, you have to get marketing (..) financial stuff (..) human resources and day to day operations done. (..)* (Interviewee 2). Originally the plan was to organise four teams to encompass those categories but considering the number of tasks that had to be done, "*everyone does a little bit of everything*" (Interviewee 1) and "*between all of us, I think we cover a lot of necessary skills*" (Interviewee 3). Apart from being in teams, they split up their time to treat people in the clinic up to three of four shifts a week and spend another six to twelve hours doing the business administrative tasks based on their current roles. "*So, like we have these teams that do that and so Paulina and I both do HR things like human resources, and we both do marketing things. And then I do some of the finance stuff as well. And we're practitioners, That's separate*" (Interviewee 2). They emphasized that the idea of integration of different tasks while being at work allows them to "*use our brain in different ways*" (Interviewee 1).

*"Look, I really, I like to write. So being on the marketing team and writing our newsletters and writing blog posts and creating content is something that I really like to do. And if I was just an acupuncturist, I think that wouldn't be very fulfilling for me"* (Interviewee 1).

In the co-operative organisation where the ownership is shared, people are able to adapt their skills in the way that the business requires them to. In Five Point, rather than identifying people's negative qualities as inconvenience, they assume that those qualities are proficient in areas that they

just have not come to understand yet. It allows them to “*learn how to use each other in a positive way*” (Interviewee 2). which is an area where the cooperative model works well.

*“(..) it's like it's easy for me to just spit a bunch of things out very quickly and then. I'm not good at making all the small corrections and getting the wording just perfect but getting like an overall structure in place I'm quite good at. While Paulina is really good with all the making things look really pretty and sound really pretty and sound really pretty”* (Interviewee 2).

In Five Point, when they get caught up in a difficult situation, having a team of several owners helps them to figure out whose strengths are situationally applicable and how effectively they can employ them. As the co-operative encourages owners to get involved in the myriad of tasks set by the business. Interviewee 2 addressed that by feeling like “*I've learned more about who I really am inside of the business, and then that's a good thing because it helps me*” (Interviewee 2).

Additionally, owners of Five Point can challenge each other because “*we want to be good at what we do*” (Interviewee 1). Increased responsibilities and involvement in the variety of tasks can also have a negative impact on people. The question Interviewee 3 asked is, “*whether someone who is an owner at our clinic can operate without having quite as many administrative responsibilities*” (Interviewee 3). Especially when the motivation of some people they spoke to was to contribute to some conversations and make more money - but only when the business is doing well. However, they do not want the extra responsibility attached to the title beyond being a practitioner. Hence, their perspectives on how the business is organised and what being an owner involved is a little bit in flux.

#### **4.3.5.3 Shopfront vs Five Point**

As highlighted earlier, there are differences in how the opportunity for progression is perceived in two co-operatives. In Five Point, the democratic process gives the worker-owners a chance to try out different options, experiment and explore the extent to which the co-operative can be more successful and attractive to the customers. It is important to acknowledge that this collaborative idea generation only occurs on one level - worker-owners. Whereas in Shopfront, it appears on a much grander scale; across all the worker-owners, community members and artists which combine to generate new ideas and perspectives. Moreover, the diversified skill application is only found relevant for Five Point where they become engaged in a variety of tasks.

#### **4.3.6 Personality traits**

While conducting the interviews with Shopfront or Five Point, it was almost impossible to overlook the key aspect without which the accurate evaluation of member engagement in democratic control and cooperative ownership would not be possible – *member's personality traits*.

#### **4.3.6.1 Five Point**

When Five Point first opened, they expected that all the hired workers would become owners. Having that in mind, they were much more careful about everyone who they hired as they were assessing them as potential owners. They had the whole process worked out where “*you have to work here for six months and then we have a conversation and then you start this ownership path*” (Interviewee 1). To everyone's surprise “*most people do not want to become owners, they want to do 9:00 to 5:00 every day and don't think about anything*” (Interviewee 1). What was completely desirable to the owners of Five Point, seemed entirely disadvantageous to others.

*“I was kind of surprised because I'm somebody who obviously wants to work in a place like this. But I think that there were times where it was surprising to us that, like, most people just want to go to work and not think about it and just make their paycheck and go home”* (Interviewee 1).

There are people who do not want the responsibility, nor do they want the additional stress that comes with it. They are generally indifferent about whether their voices are heard, as long as their basic needs are met. There is something about having a certain personality of internal drive and interest in being a part of the creation of the job culture. “*So, yeah, it's definitely something that we all have and yet that not everyone does*” (Interviewee 1). For example, interviewee 2 includes themselves in this personality type that will take on extra responsibility, as soon as they started working there, they started offering classes of various kinds just because it was something challenging and interesting to them. While, the Interviewee 1 acknowledged themselves as a service-oriented person that likes giving back to people. “*I'm not a good business owner all by myself (..) so I'm much more engaged and much happier having people to collaborate with*” (Interviewee 2). This is applicable to people with a certain personality where they walk in and they're motivated by enacting a vision that's tied into their voice (Interviewee 2).

What damages the other cooperatives or other businesses, is that people isolate themselves from the foundations of forming personal relationships or good mutual values, having this sort of segregation very much affects the business. In a co-operative, there's definitely a certain level of transparency that has to be present at all times, “*where you can't just like show up and not be doing*

*a great job for a while and not talk about it”, but some people are not comfortable with that (Interviewee 1).*

*“Like some people are very private or have a lot of their own emotional baggage that they're not able to like, look at themselves and recognize that they just projected onto other people's motivation all the time and like that doesn't bode very well” (Interviewee 1).*

Lastly, there is a risk profile that attaches to certain individuals, some people did not want to leave the work for fear of what they could miss out. *“I think you've got to be quite comfortable with uncertainty risk-taking especially in co-operatives, because you are one of the people responsible for the business and its success” (Interviewee 2).* Whilst some people embrace this risk and give themselves the opportunity to fast track their development, there are others who only strive for security.

#### **4.3.6.2 Shopfront**

Additionally, Interviewee 3 from Shopfront claims that if people do not share the respect for democracy and mutual collaboration, they will not engage in this type of organization. It is crucial for those people to have a collaborative personality. If there is a personality that is too strong in the group. Meaning that if there was somebody who does not have a collaborative nature, they could not work in our organization and engage with it. Here, a collaborative person is described as opposed to *“somebody who just wants complete ownership and complete control over something” (Interviewee 6)*

*“Like one minute you may be speaking to some famous actor or something and then the next minute you may be cleaning toilets, because we have a show coming and the toilets are dirty. So yes, I feel like this organization is extremely collaborative” (Interviewee 6).*

Hence, in Shopfront there is such an emphasis put on collaboration and its sort of all hands-on deck for everything where every person in the organization shared same goals and values. The personalities of the people involved matters a lot and finding space so that you feel like personally invested and comfortable with each other.

#### **4.3.6.3 Shopfront vs Five Point**

During the interviews, all the participants from Shopfront and Five Point emphasised the importance of specific personality traits without which their engagement would not be that high. According to interviewees of Five Point, some people lack a cooperative personality that is needed to appreciate the advantages that co-operative ownership and democratic control offer. Additionally, the worker-owners of Shopfront, states collaborative personality as a most important determinant of peoples' engagement in co-operative organisations. In result, they both agree that the right personality based on collaboration, self-determination and an aspiration for achievement is the key to a co-operative success and its people.

## **4.6 Conclusion**

In this analysis, the themes were divided into those that were found in both co-operatives and those that were characterised to only one co-operative. Even though the presented themes were carrying significant similarities, the way the participants perceive some of them differ from one co-operative to another. Additionally, the findings revealed certain personality traits which were established as crucial for answering the research question. Therefore, in the next chapter all the differences between those two analysed organisations will be further addressed in relation to assembled theories.

## 5.0 Discussion

The outcomes from the study supported many findings from existing literature with regard to the theories of engagement and co-operatives that built on member engagement. This appears to be the first study to explore the organisational structure within worker co-operatives in relation to the engagement of people that equally own and manage the business – worker-owners. The data suggests that co-operative structure based on shared ownership and democratic control fosters high member engagement. Hereby, the study confirms the following findings were the results of perceptions on democratic control and co-operative ownership. These perspectives were relevant for fulfilling the three basic psychological needs; *autonomy, competence and relatedness* (Broeck et al., 2010). However, this research identifies some challenges for working in worker co-operatives and what implications they may have on engagement. Moreover, it highlights the importance of understanding the dispositional as crucial determinants that can influence member engagement (Meyer et al., 2010; Birchall & Simmons, 2004). Additionally, the present study identified additional characteristics that go beyond the existing literature on engagement that was specific for co-operative organisations. In summary, across the two co-operatives reviewed, key findings include:

<b><i>Self-direction</i></b>	<i>High level of freedom to make decisions and flexibility, setting their own tasks</i>
<b><i>Sense of belonging</i></b>	<i>Belonging to a community based on common values, interest and visions</i>
<b><i>Transparency</i></b>	<i>It shapes an environment for people to feel productive, heard and treated in a fair manner</i>
<b><i>Supportive Environment</i></b>	<i>Supportive environment embracing norms of collaboration, trust and communication</i>
<b><i>Opportunity for progression</i></b>	<i>Highly interactive environment allowing to engage in perplexing tasks to challenge and improve the skills</i>
<b><i>Personality traits</i></b>	<i>Collaborative personality being an important determinant of peoples' engagement</i>

**Table 6.1: Key Findings**

The section will address the most important findings in relation to co-operative ownership and democratic control followed by the discussion on theories on engagement and co-operative

structures that are essential to comprehending member engagement. In order to do so, the self-determination theory and the three-component model of commitment will be used to portray the findings as ‘situational factors’ for shared ownership and democratic control. They are responsible for creating a climate for engagement, that allows the situations for engagement to occur (Gagne & Deci, 2005). This will occur accordingly in line with the model of engagement explained earlier (Figure 1.6). This triggers behaviours for autonomous regulation and/or affective/normative commitment by fulfilling the satisfaction of worker-owners basic psychological needs; *relatedness, competence and autonomy*. Additionally, the theories of worker-ownership and worker participation will be linked with the findings and the theories on engagement to provide the most accurate answer of the research question (RQ): “*How do members' perceptions of cooperative ownership and democratic control relate to their engagement?*”

## **5.1 Dispositional factors**

Before undertaking the discussion, it is essential to consider the key aspects without which the accurate evaluation of member engagement in democratic control and cooperative ownership would not be possible – *peoples' dispositions*. They were found the most important determinants on whether people will fully engage in the co-operative processes or not. The findings agree with Meyer et al. (2004), that some people who have the self-determination to explore opportunities to get engaged are naturally predisposed for engagement. The study provides new insights on roles that personality traits play in engaging in co-operative organisations. What seems appealing for some people, might be entirely troublesome to others. Additionally, along with the certain personal dispositions that come from self-determination, the discussion will concentrate on collectivistic factors which were found important for creating motivation not only from self-determination but from building a collective identity (Birchall & Simmons 2004). The dispositional factors will be thoroughly examined in the upcoming discussion.

## **5.2 Co-operative Ownership**

Co-operative ownership was found significantly important for producing a ‘climate for engagement’ (Gagne & Deci, 2005). It is responsible for creating a strong sense of belonging, self-direction and opportunity for progression in both co-operatives; Five Point and Shopfront. Those three themes were identified as crucial for fulfilling basic psychological needs. The need for

relatedness is fostered through a sense of belonging, the need for autonomy manifests itself through self-direction while the need for competence is satisfied through the opportunity for progression. This upcoming discussion will show the link between those themes and co-operative ownership in relation to making the worker-owners intrinsically motivated (autonomous regulation) and having affective commitment towards the organisations they work in. That will be crucial with providing the answer for the research question, as it will show the connection between members' perceptions of cooperative ownership and their engagement.

### 5.2.1 Relatedness

*“The need for relatedness is defined as individuals’ inherent propensity to feel connected to others, that is, to be a member of a group, to love and care and be loved and cared for” (Broeck et al., 2010, p. 982).*

#### 5.2.1.1 Sense of Belonging

In both organisations, the need for relatedness is fostered through community affiliation bonded by the common values and goals. This community is built by co-operative ownership that goes beyond its status and practises whilst influencing the social and psychological effects on groups or individuals; *‘psychological sense of ownership’* (Pierce, 2001). The worker-owners of Shopfront brought up the aspect of social justice that is built into the model, which presents itself as relations between the individual and society. In Five Point, the aspect of social justice is also visible through co-operative ownership, although the sense of belonging is more detected inside the business between the worker-owners themselves, rather than towards the community that surrounds it. The aspect of social justice identified in both co-operatives is coherent with the 7<sup>th</sup> cooperative principle, *‘sense of community’*, where workers have a strong feeling of belonging to and identifying with other people (Birchall & Simmons, 2004). This feeling of belonging only pertains to a demographic that possesses a collaborative disposition to be personally devoted to others and share the same goals and values.

In Shopfront; due to co-operative ownership, there is a strong feeling among worker-owners of being part of the community they support outside the business. This is achieved by ensuring participation in the decision-making process and promoting common interests in making Shopfront successful. In Five Point, on the other hand, the feeling of belonging pertains to the internal culture



bonded by common values and interests to collectively work towards the same goals. This effective participation would not have been possible without those collectivistic factors mentioned by Birchall and Simmons (2004).

The sense of belonging identified in the two co-operatives confirms the theory of *psychological sense of ownership* (Pierce, 2001). In Shopfront and Five Point the observed feeling of 'I belong here' pertains to the location of an identity while the feeling of 'This belongs to me' detected for Five Point expresses a relation of the actual ownership. Apart from the feeling of being part of the co-operative and its community, there is also the actual ownership over the business which makes people in Five Point personally and financially invested in everything they create or build for the co-operative - because it belongs to them.

Additionally, in both co-operatives, the fulfilment of the need for relatedness goes beyond the motivation to engage in a task activity but rather talks about a commitment that people develop to the company and the loyalty towards it. By being autonomously regulated, worker-owners of both co-operatives developed affective commitment which corresponds with the Meyer and Allen (1991) theory of the three-component model of commitment. In both co-operatives there was a visible link between goals and values of the organisation and its members; a strong sense of identification to interact with others and aspiration to remain with the organisation. In recent studies, the satisfaction of relatedness was more directed to fostering interpersonal relationships between co-workers which increases their motivation to engage in activities (Ryan & Deci, 2017). In co-operatives, there is an organisational structure embedded that allows them to satisfy that need, not on one but two levels; feeling connected to the community inside and outside the business.

The contemporary studies presented by Kuvaas (2003) stated that employee ownership increases organizational commitment, only if it is extrinsically rewarding to the employees. In this study, an employees' intrinsic feelings about ownership is regarded to translate into positive outcomes. The co-operative ownership structure creates a culture of support and teamwork rather than one based on competitiveness and individual incentives. It contributes to the traditional research, clarifying the link between worker ownership while fostering full engagement by promoting autonomous regulation and affective commitment. Entitling people with ownership that goes beyond

status and practises creates a sense of belonging. This not only intrinsically motivates them to engage in an activity but also solidifies their loyalty and commitment to the company.

### 5.2.2 Autonomy

*“The need for autonomy represents individuals’ inherent desire to feel volitional and to experience a sense of choice and psychological freedom when carrying out an activity” (Broeck et al., 2010, p. 982).*

#### 5.2.2.1 Self-direction

The results from both co-operatives suggest that the need for autonomy presented by Gagne and Ryan (2000) in Shopfront and Five Point is fulfilled. In both co-operatives, the need for autonomy is satisfied by the flexibility and freedom to make choices which have been pointed out by Gagne and Deci (2005) as situational factors that endorses engagement. For worker-owners at Five Point, the highest feeling of autonomy was seen through freedom to make changes that are coherent with their values. In Shopfront, this autonomy was also seen as the power to organise the work that consistent with their interests and values. Those behaviours in both cooperatives correspond with the theory of collective identity presented by Birchall and Simmons (2004), where peoples’ intrinsic motivation and affective commitment comes from sharing the same goals and values.

This is opposed to traditional organisations, where people get to own a part of the business, but still remain powerless when it comes to making decisions on its behalf (Ibid.). By embracing an organisation without hierarchy, where flexibility in the workplace is celebrated and communal decisions affect the direction of the company (Masson et al., 2008) - it fosters engagement on an exponential scale. Nevertheless, granting power and responsibility to people without a disposition to take risks on their path to ownership could be seen as a source of stress and unnecessary effort (Ibid.).

Moreover, in the majority of empirical research on the traditional workplace, autonomy is predominantly at the forefront of research focused on job design and the management of employees (Gagne & Deci, 2005). Therefore, those factors presented by Gagne and Deci are only looking at creating autonomy by designing more meaningful jobs and organising less controlling managerial practises (Ibid). In contrast, the worker-owners of Shopfront and Five Point not only have absolute control over their own job criteria, but the agenda of the entire business.

This study proves that cooperative ownership in worker cooperatives is fulfilling the need for autonomy on a much larger scale than in traditional research. It creates an environment where autonomy is visibly increased on two levels – in jobs and in the organisation itself. It not only generates flexibility around what people get involved in and how the jobs are organised but also gives them the freedom to decide upon the direction that the co-operative is going.

### 5.2.3 Competence

*“The need for competence is defined as individuals’ inherent desire to feel effective in interacting with the environment. It is prominent in the propensity to explore and manipulate the environment and to engage in challenging tasks to test and extend one’s skills”* (Broeck et al., 2010, p. 982).

#### 5.2.3.1 Opportunity for progression

All those factors perceived by worker-owners from Shopfront and Five Point are aligned with the description of the need for competence created by Gagne and Ryan (2000). In fact, the collaborative idea generation concentrated on positive feedback and open conversation in Shopfront along with the generation of ideas through open conversations and the variety of tasks in Five Point - clearly suggest the direct link between the theory and the findings. However, the way this need is fulfilled differs from one co-operative to another. In Shopfront, the challenge emerges from engaging in the *multidimensional situations* (Ibid.) – through the collaboration happening on several levels; across all the worker-owners, community members and artists. This creates opportunities to expand knowledge, create new challenges and feel responsible for their successful performance (Gagne & Deci, 2005). While in Five Point, the need for competence is fulfilled through generating ideas internally between the worker-owners as they are the only people who own and manage the business. However, with such a complex environment, some people may lack certain dispositions to embrace this increased responsibility that is attached to the ownership title. This creates a feeling of *competence frustration*, being overwhelmed, feeling incompetent and eventually resulting in a perceived lack of motivation towards the co-operative structure (Broeck et al., 2010).

Being an owner and having different responsibilities other than just what they normally do in the practice fuels their passion (Novkovic et al., 2012) - which exponentially increases their interest and engagement. This integration of a variety of tasks was also emphasised by Meyer and Allen

(1991) as one of the factors pertaining to their feeling of competence in the workplace. However, according to self-determination theory, those behaviours are selected as practices that managers should implement to promote autonomous regulation, but here the organisational structure is flat, so the co-operative structures itself imposes those behaviours. On the other hand, the worker co-operative model allows the people to work on aspects in which they want to be successful, explore the good processes to make this success achievable and implement those aspects by utilizing the power to make those contributions possible. Hereby, this study proves that cooperative ownership in worker cooperatives has a stronger influence in fulfilling the need for competence through the people's involvement in a myriad of tasks which are chosen for their own sake and progression, rather than being imposed/directed by the management's prerogative.

### **5.3 Democratic control**

Democratic control was also found expressively significant for producing a 'climate for engagement' (Gagne & Deci, 2005). In this subsection, transparency was identified as the most important and interesting factor for the process of democratic control for both co-operatives; Five Point and Shopfront. Moreover, it is argued that transparency not only should be seen as fundamentally related to people's need for autonomy but also substantially related to fulfilling relatedness and competence needs. Therefore, this subsection upon democratic control will address autonomy, relatedness and competence under transparency. Moreover, this upcoming discussion will show the link between transparency and democratic control in relation to creating affective commitment in worker-owners towards the organisations they work in. That will be central with providing the answer for the research question, as it will show the connection between members' perceptions of democratic control and their engagement.

#### **5.3.1 Transparency**

The way the worker-owners perceive democratic control as synonymous with transparency aligns with Daly and Geyer's position (1994) that giving a 'voice' to the workers increases their positive opinions of fairness and justice. This transparency allows creating an environment for organisational justice which is considered as a crucial factor for building affective commitment for the organisation (Colquitt, et al. 2001, Daly & Geyer, 1994). It is seen as an inseparable aspect for

democratic control by enabling full disclosure and safeguarding a fair environment. In Five Point, as a distributive worker co-operative, this transparency allows creating the feeling of fairness which means that no one can be excluded and omitted from making decisions.

Since co-operative transparency is proved to be responsible for building organisational justice (Mazzarol, et al, 2011) this discussion argues that people that think of the decision-making process being fair have their autonomy regulated. Therefore, this organisational transparency is expected to be functional not only for the satisfaction of the need for autonomy but also for the other two basic psychological needs. With the need for relatedness, it could be argued that fair treatment and organisational openness can regulate the extent to which the worker-owners feel included in the creation of the community. Moreover, the need for competence is proved to be facilitated by the organisational transparency pointed out by Meyer et al. (2010) that informs worker-owners of any information regarding the ongoing decisions and processes in the organisation. Hereby, transparency in organisations may be more closely related to the basic psychological needs that were previously assumed. However, for some people, this transparency is seen as an obligation to interact with others that they are not comfortable with. They lack some dispositional factors mentioned by Macey and Schneider (2008) which will stop them from forming personal relationships or good mutual values, affecting their perceptions as well as the business.

The biggest issue in recent studies of traditional organisations shows that giving the power to employees is often ignored and does not have any direct visible impact on the organisations, or when it does it is motivated by individualistic rewards (Beugré, 2010). This is unlike co-operatives, where all the voices are equally heard despite how divergent they can be. As the democratic process of control is embedded in the belief that people who are given the right to democratically vote on behalf of a company are inclined to contribute altruistically as opposed to concentrating only on personal rewards. According to Beugré, being given the opportunity to voice the decisions will result in state engagement (commitment and motivation) leading to full engagement. This study expands on the theory that by providing opportunities to voice opinions in a transparent decision-making process will in turn increase motivation and commitment among the members.

## **5.4 Issues with Worker-Cooperatives**

Despite all the positive contribution that the co-operative structure brings to fostering member engagement in organisations, there are some challenges identified as crucial for the proper functioning of those organisations. In seven interviews across two different co-operatives, there are several issues that were found particularly important in the development of the member engagement.

#### **5.4.1 Complexity**

One of the main issues that this research points out is the challenge of preserving transparency in the democratic decision-making process. For instance, when people do not feel heard or when their voice is not represented. Additionally, eliminating those disputes and keeping everyone satisfied can be a long tiring and time-consuming process. Some people do not want to be owners and have the extra responsibility, nor the additional stress that comes with it. They do not care about whether their voices are heard, as long as their basic needs are met.

The issues found within the cooperative structure of Five Point were aligned with the issues that the current research into co-operatives hold. In current theory, those challenges are seen by some people as complex and difficult to manage (Novkovic et al., 2012; Artz & Kim, 2011; Boon & Hartog, 2011). However, this study adds an additional dimension to the problem by arguing that some people enjoy that complexity, treating those issues as a source of motivation that allows for challenging themselves by being in charge of their work and the company itself. The worker-owners have consistently addressed the issues of complexity on many levels. It took them a lot of research, experiments, ongoing conversations and practise to put systems in place for the organisation to work - although admittedly they all enjoyed the process. This complexity in Five Point could be justified by the inconsistency pointed out by Rhodes (1981) between cooperative principles and values, as opposed to organising day-to-day operations. Hereby, there is no practical guideline to organise a cooperative in a way that is consistent with the cooperative theoretical foundations. This study extends on to current literature on co-operatives and engagement by emphasising the importance of dispositional factors when analysing this form of complex organisational structure in relation to engagement. It also suggests further research to be made into ways of organising cooperatives that are coherent with the principles they represent.

#### **5.4.2 Disconnection**

This issue identified in Shopfront pertains to a challenge with communicating the purpose of the decisions that the community members vote for. Based on the analysis of this situation, it can be assumed that there is a certain lack of accurate information that is supposed to be shared with members to keep the community united and well aware of being in a co-operative. Considering the size and organisational structure of Shopfront, this scale of influence challenges the transparency that the co-operative tries to achieve. Unlike in Five Point where the disconnection is less likely to happen considering the small size of the co-operative and where people are more educated on the topic as some of them were actually responsible for establishing it in the first place.

This disconnection can be caused by an issue pointed by Birchall (2011) of the effective sharing of knowledge which could result in co-operative failure. This means that the disengagement on the part of members is caused by a lack of education rather than a problem with motivation itself. However, this theory discussed the issue in the context of consumer co-operatives where this disconnection was looked at from the community members (consumers) perspectives and not worker-owners. This study, on the other hand, argues that the source of this disconnection could be caused by the lack of awareness about the co-operative among people working inside the business (worker-owners), which subsequently influenced the perception of people from outside of it (community members). This disconnection pertains to the communication issues for consumers about the cooperative which according to Birchall (2011) made them disengaged. Although, this study proves that this disconnection does not directly influence the engagement of worker-owners. This study encourages future research into how to manage worker-consumer cooperatives to efficiently communicate and build a strong collective identity outside the business.

## **5.5 Conclusion**

The findings from the members' perceptions upon co-operative ownership and democratic control covered by the research question have proven to be directly fostering member engagement. They were found closely linked to the concepts of motivation and commitment to fulfilling the three basic psychological needs; autonomy, competence and relatedness. The worker-owners found cooperative ownership and democratic control highly engaging, despite the challenges like complexity and disconnection that are synonymous with working in the co-operatives. Hereby, those positive perceptions of the engagement were found highly dependent on members' dispositional

factors. Moreover, the members' dispositions are the undividable feature to consider when examining engagement in co-operative organisations. With having such a demanding structure, worker co-operatives go a step further in engaging their worker-owners by providing them with indispensable tools that allow them to nurture and preserve those positive behaviours - cooperative ownership and democratic control. More specifically, as opposed to current literature, these elements of worker co-operative structure simultaneously engage the worker-owners, not on one but two levels. Whether it is the freedom to make decisions, the opportunity for advancement or the sense of belonging; the worker co-operatives establish a culture that delves into amazing detail on a work and organisational level.

## 6.0 Conclusion

The purpose of this thesis emerged from the decreasing number of engaged employees in hierarchical organisations, and the importance engagement has on nurturing organisational performance that leads to various positive work outcomes. Present research makes it apparent that by including employees in the decision-making processes or giving them shares in the company's stock, their engagement will increase. Those processes were only researched in traditional organisations where the elements were analysed separately and not situated in their optimal environment. Moreover, the link between those elements and employees' perceptions are not explicit. Furthermore, when it comes to research in co-operatives, member engagement was only addressed in the consumer cooperatives or other forms of cooperatives. It was not considering the specific form of cooperatives which has an explicit focus on cooperative ownership and democratic control – worker co-operatives. Hereby, this study explored these issues of ownership and democratic control simultaneously in the organisations that have those processes already embedded in their structure. Hence, the research question being examined through this study was:

<p><i>“How do members' perceptions of cooperative ownership and democratic control relate to their engagement?”</i></p>
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This research aimed to explore the co-operative structure with a focus on co-operative ownership and democratic control, and how those elements are related to members' engagement. Based on the qualitative analysis of the two case studies in cooperative organisations, it can be concluded that cooperative ownership and democratic control are directly fostering member engagement. They were found to be tethered to the theories of motivation and commitment as their



characteristics led to fulfilling the three basic psychological needs; autonomy, competence and relatedness. Therefore, this study supports the model of engagement developed by Meyer et al. (2010) by proving that cooperative ownership and democratic control are responsible for creating a 'climate for engagement' that allowed the situational factors for engagement to occur. Moreover, the present study on worker co-operatives contributed to practices on employee engagement by filling gaps and expanding on current literature upon member engagement.

Firstly, this study proves that ownership in worker cooperatives is fulfilling the need for autonomy on a much larger scale than in traditional research. It creates a more autonomous environment where autonomy is visible on two levels – in jobs and the organisation itself. Unlike in traditional organisations, this cooperative freedom gives them a right to decide on behalf of the co-operative which provides them with the authority to see the direct impact of those decisions. The thesis also argues that ownership in worker cooperatives has a greater influence in fulfilling the need for competence as worker-owners are in control of their own involvement in whatever tasks they pursue. Lastly, extending on Pierce's (2001) work, the 'psychological sense of ownership' can be facilitated through cooperative ownership which proved to go beyond status and practises. It fulfils the need for relatedness through building affiliation to the community inside and outside the business, bound by shared values and goals. That creates the collective identity that translates into higher levels of trust and shared belonging to a community (Boon & Hartog). Worker ownership in co-operatives, as opposed to current research on traditional organisations, not only intrinsically motivates worker-owners to engage in a task activity but also makes them more committed to the company and creates loyalty towards it.

Hereby, those presented results are clarifying the link between worker-ownership and fostering full engagement, as they promote autonomous regulation and affective commitment. They also extend on existing traditional literature on characteristics specific for co-operative ownership. Those characteristics presented above are the outcome of the most significant aspect that the co-operative structures have to offer – *no top-down control*. Every decision, idea or choice is reflective of the effort that every single member puts in. If people can see the direct impact of their decisions, they are more motivated to get the desired outcome and become committed to the organisation they help to create, because everything they do impacts them equally. This study's contribution is when there is no hierarchical agenda, and participation in a company is high, the greater number of motivated and committed people. Secondly; *democratic control*, a process that gives all the members

the equal right to vote, was found responsible for creating transparency which turned out to be crucial for maintaining the degree to which all those psychological needs for engagement are fulfilled. This study expanded on the theory presented by Beugré (2010) that people employed by an organisation that provides an ability to voice their opinions that are heard and respected, along with endorsing openness and fair treatment, will be more engaged in the company and its activities.

The study argues that co-operative structures revolutionize the understanding of what the present literature of engagement encompasses, by highly engaging their members on two levels; engagement in activity and organisation. Although, the degree to which the members will engage depends on their dispositional factors. The perceptions of member engagement were found highly dependent on members' dispositional factors which this study treats as the inseparable aspect to consider when analysing engagement in co-operative organisations. The dispositional traits will have a direct influence on their perceptions of work, a particular job, and ownership, which can reflect on their motivation to work and organisational commitment. Lastly, this study makes apparent that the workplace culture that nurtures the sharing of internal forces like common values and goals will build a strong collective identity and experience much higher engagement.

## **6.1 Implications for future research**

The results highlight several important issues that must be recognized by both researchers and practitioners interested in further research on member engagement in worker-operatives. Despite all the positive contributions, there is no practical guideline on how to organise a cooperative in a way that is consistent with the cooperative theoretical foundations. Therefore, it is recommended to extend the research on how to organise democracy in the workplace to be seen as a motivational aspect for worker-owners and not an obligation or necessity. Additionally, this study encourages future research into worker-consumer cooperatives on how to efficiently manage the community outside the business to which they depend on and eliminate disconnection by sharing knowledge in order to build strong collective identity. This study also argues that not everyone has sufficient dispositions because it is a quite demanding and complex structure that requires a lot of effort, planning and ongoing collaboration. Therefore, future research into dispositional traits should be carried on selecting people whose personality is suitable for finding those processes engaging to enjoy them to the fullest.

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## 9. Appendices

### Appendix 1. Table of Interviewees

Five Point	Shopfront
Interviewee 1	Interviewee 4
Interviewee 2	Interviewee 5
Interviewee 3	Interviewee 6
	Interviewee 7

## **Appendix 2. Interviewee Guide**

Thank you for agreeing to participate in this study. Remember that there are no right and wrong answers. I am interested in your views and opinions on the subject and your answers are going to be anonymous.

1. What do you do in the company?
2. What inspired you to join the company?
3. When you think about working in the co-operative what one word comes to mind?
4. How do you feel about the level of your engagement in the company?
  - What kind of activities are you involved in to foster that relationship?
6. What's your attitude towards the democratic decision-making process?
  - Do you think that having a voice increases your work motivation and how?
  - What possible problems would you identify with workplace democracy?
  - Is this beneficial for generating new ideas?
7. How do you feel about having a stake in the company?
  - How does ownership impact on your commitment?
8. Do you feel that your personal goals and values are related to the company's values?
  - What are the values?
9. Would you say that you engage more working in the co-operative than in your previous employments?
  - What makes it different than any other place you have worked previously?
10. Is there anything else that you would like to share?

**Appendix 3: Selecting a non-probability sampling technique process (Saunders et al., 2009, p. 234).**

