

# What Difference Do Cooperatives Make? Poland. Executive Summary



## Executive Summary



The Wawel Dragon Statue sits at the foot of the Wawel Hill in Kraków, Poland outside of the limestone caves below the Wawel Castle.

The OCDC Research Group (RG) carried out this pilot study in Poland as the first in a series of country studies designed to understand the extent to which objective evidence will demonstrate that cooperatives provide a sound platform on which to base broad-based international development for sustainable, locally owned and institutionalized results. The Poland country study is also a stand-alone research product. This study piloted the research methods with the intention also of producing a stand-alone research report.

The results from the research on “What Difference Do Cooperatives Make?” tell us that cooperatives in Poland are making a differentiated and measurable difference in the lives of members, both economically and socially, as reported by the members themselves and as benchmarked against available national statistics.

The motivations for people to join and remain cooperative members **are both economic and social**, with a sense of greater financial security and a sense of “belonging” engendered by cooperative membership being paramount. These research findings and conclusions drawn are based on the data collected from respondents, reflecting their impressions and understandings. **The findings do not draw conclusions about cause and effect.** Nonetheless, it is important to note that from the member standpoint, economics primarily motivated them to join a cooperative and both social and economic benefits play a role in their having remained cooperative members.

### Cooperatives in International Development:

The power latent within cooperatives comes from their focus on both social and economic outcomes for their members and their adherence to a common set of principles<sup>1</sup>, which include democratic control and economic participation. Many cooperatives and cooperative systems around the world perform well in supporting the priorities and aspirations of their members and in contributing to economic and social progress. Nonetheless, for various complex reasons, cooperatives have been and continue to be under-utilized<sup>2</sup> in international development. In many countries they have struggled with government dominance, co-optation by elites and impacts of structural adjustment and economic liberalization. However, in many other countries, they have also demonstrated resilience and supported local communities in the wake of globalization. For these reasons and others, a more positive narrative is beginning to emerge as development and donor agencies seek for organizational forms that are sustainable while being both values-based and market-oriented.<sup>3</sup> Scholars and researchers are also increasingly noting the power of cooperatives to internalize market externalities, serve as laboratories for social innovation, advance social entrepreneurship and promote ethical business practices (see Novkovic, 2008) and provide an ability to function in circumstances where other forms might fail<sup>4</sup>. The potential of co-operatives to promote economic and social development for low income people has therefore returned to development agendas (DFID, 2010; UN, 2009).

<sup>1</sup> The international cooperative principles are: (1) Voluntary and open membership; (2) Democratic member control; (3) Member economic participation; (4) Autonomy and independence; (5) Education, training and information; (6) Cooperation among cooperatives; and (7) Concern for community. (<https://ica.coop/en/whats-co-op/co-operative-identity-values-principles>)

<sup>2</sup> There is an excellent discussion of the background and reasons for the mixed perceptions of the effectiveness of cooperatives in a paper by Johnson and Shaw, “Re-thinking Cooperatives in Rural Development: An Introduction to the Policy Arena” (2014)

<sup>3</sup> Ibid.

<sup>4</sup> Novkovic, Sonja. “Defining the Co-operative Difference,” The Journal of Socio-Economics 37 (2008) 2168–2177

**This Study:** With data gathered from a random, representative sample of 2000+ cooperative members across sectors and the general population, this research study of cooperatives in Poland is intended to contribute to the on-going policy debate and to contribute to the cooperative narrative across sectors and across geographies. It is designed to compare the self-reported perceptions of members on issues related to economic and social well-being with those of the general population and in some cases non-members or members of cooperatives established before 1990. It was not within the scope or means of this study to undertake detailed statistical outcome comparisons of well-being; however, because cooperative membership is voluntary and because its performance has direct effects on the members, member perceptions are expected to correlate with cooperative performance. Self-reported perception data makes a powerful statement and is a valid proxy for performance, although the study does not measure causality.

**Key Findings:** From responses received to survey questions addressed both to cooperative members and non-members, the data shows that:

- A significant majority of cooperative members (83%) state that membership in a cooperative **has positively affected their economic posi-**

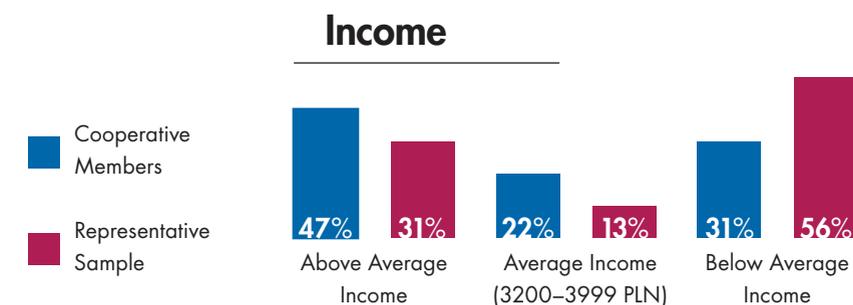
**tion**<sup>5</sup> This economic advantage attributed by respondents is borne out when benchmarked against national statistics with cooperative members having higher incomes in general than non-members.

- Cooperative members have **greater social capital**, as measured by trust and joining of other organizations as well as a reported greater sense of “belonging” to their community than the population at large. More than half (54%) of cooperative members responding state that they receive and value both economic and social benefits from their cooperative membership. Social capital and other benefits play a significant role in their remaining members, with agency and skills enhancement (bridging both **economic and social effects**) being most frequently cited. Cooperatives provide communities with both social and economic benefits, with social benefits perceived by both cooperative members and non-members as providing the greater community-wide value.
- Income figures benchmarked both against national statistics and against the responses from those in the representative sample<sup>6</sup>, are significantly higher, as set forth in Figure 1, supporting the perceptions reported by respondents.



Dairy cooperatives have thrived since the early 1990s and represent a significant portion of dairy production in Poland.

Figure 1: Income Levels of Cooperative Members in relation to General Public



N= 800 (cooperative members) & 807 (representative sample)  
 Note: Those declining to respond excluded from percentages

<sup>5</sup> Statistically significant with 95% confidence and a margin of error of 2.4%. Margins of error were tested for each research question yielding margins of errors no larger than 3% due to the large sample size of the data.

<sup>6</sup> The findings are not affected significantly when cooperative members are excluded from the representative sample as shown later in this report.

For policy makers looking at macro level effects and for practitioners concerned about sustainability, the data from Poland shows that members identify and value a “cooperative difference” that simultaneously provides economic and social benefits that elude those who are not members of cooperatives when measured in the same way.

**Focus:** The Poland study focused on cooperatives from 1990 and afterwards to reflect the cooperative movement’s efforts to re-form under new legal, economic and social conditions in the transition to the market economy. At that time, cooperatives were required to be organized in accordance **with recognized international cooperative principles**. In the aggregate the respondents’ perceptions of the social and economic benefits of cooperative membership are largely positive, albeit with important nuances described in the body of this paper. This finding is particularly significant considering the destruction of social capital under the Soviet government and the complex and sometimes troubled history of cooperatives in Poland<sup>7</sup> as well as the continuing lack of clarity during the social and economic transition.

**Methodology:** The research study used mixed methods, combining standardized, multiple choice and short answer interview formats conducted via telephone and in person. Over 2,000 people comprised a scientifically drawn, random representative sample of households and cooperative types. This study uses the representative sample of the general population of Poland as a comparison group for the representative sample of post-1990 cooperative members.<sup>8</sup>

Six focus groups and twelve key informant interviews provided interpretive insight, in some cases enabling nuancing of the quantitative results. A desktop study documenting other research and related data concerning cooperatives in Poland preceded fieldwork and informed the analysis. The report, *Poland Cooperative Context Study*, is appended to this report.

#### Limitations of the Data and Study

The study focused on the perceptions of cooperative members and compared those with representative members of the general population to probe the “difference” that co-ops have made in people’s lives from their perspectives and comparing that with the responses and characteristics of those who are not members, also self-reported.



**OCDC Members: Agricultural Cooperative Development International / Volunteers in Overseas Cooperative Assistance (ACDI/VOCA); Global Communities (Formerly CHF International); Cooperative Resources International (CRI); HealthPartners; Land O’Lakes, Inc.; National Cooperative Business Association (NCBA CLUSA); National Rural Electric Cooperative Association (NRECA); World Council of Credit Unions (WOCCU)**

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<sup>7</sup> Borowiecki, Lukasz. (2017). “Social Capital in Poland: Determinants, Historical Roots and Trends.” Warsaw School of Economics. Contrary views are also asserted (see Olena Nikolayenko). For example, in the 2005 World Trust Survey, Poland scores below both the average and the mean of the 118 countries measured and ranks as number 76 in trust. Within this context and that of declining social capital and trust worldwide, the finding for post-90’s cooperatives in Poland is all the more interesting.

<sup>8</sup> This method was selected as a preferred approach to measuring effects of various social and other interventions within a population. The population in this case is comparable in all but cooperative membership. See for example [www.clinks.org](http://www.clinks.org)