P6 & Cross-Border Co-op Business: Some Basic Questions

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V Cumbre Cooperativa de las America
Buenos Aires, Argentina
23 Octubre, 2018
Outline

1. How do corporations (IOFs) internationalize?
2. Are co-operative firms different?
3. Why is it important for co-ops to internationalize?
4. What role(s) can co-operative internationalization play in the global economy?
5. What business strategies are required?
6. What other co-operatives activities are important?
1. Forms of Internationalization?

- **Modes of internationalization (Corporations)**

<table>
<thead>
<tr>
<th>Market</th>
<th>Partnerships</th>
<th>Hierarchy</th>
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</thead>
<tbody>
<tr>
<td>Importing/exporting</td>
<td>Joint ventures</td>
<td>Wholly-owned subsidiaries</td>
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<td>Knowledge agreement</td>
<td>Strategic alliances</td>
<td>Transnational firms</td>
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<tr>
<td>(licensing)</td>
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- **Links to Competitive Strategies**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Modes</th>
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<th>Hierarchy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>• import (materials, components)</td>
<td>• joint ventures (produce abroad)</td>
<td>• subsidiaries (produce abroad)</td>
<td></td>
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<tr>
<td>Product Development</td>
<td>• licensing (technology)</td>
<td>• R&amp;D alliances • research partnership</td>
<td>• wholly-owned R&amp;D units</td>
<td></td>
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<tr>
<td>Marketing</td>
<td>• marketing agreements • exporting (distrib)</td>
<td>• JVs/alliances for branding/distribution</td>
<td>• wholly-owned distribution units</td>
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2. Do Co-ops do it differently?

- Do co-operatives use the same modes of internationalization?
- Do they favour other co-operatives?
- Do they generate different impacts?
- Do they act in accord with co-operative principles?
3. Importance of cross-border business?

• **Narrow answer**
  • Push factors – necessary for some co-ops to survive
  • Pull factors – enables co-ops to grow (sales, members, etc)

• **Broad answer**
  • “neo-liberal” globalization ➔ negative impacts
    • **Economic** – global oligopolies with hyper-competitive small business sectors ➔ ↑ precarious work, ↓ wages, ↓ rights, etc.
    • **Social** – ↑ (working) poor, (mental) health issues, (dom.) violence
    • **Cultural** – consumer society ➔ loss of languages/cultures/meaning
    • **Political** – state capture ➔ loss of policy autonomy/state revenue
    • **Environmental** – environmental degradation (land, air, water), climate change ➔ loss of species/habitat loss/ecosystems, ???

⇒ Cross-border co-operative business must be a key component in addressing these problems
4. What is the role of cross-border co-op business?

- **Primary function** – challenges power of oligopolies by introducing competition and a more desirable business model

- **Specific impacts** that this can generate:
  - ↓ monopoly profits, ↓ corporate political influence
  - ↑ policy autonomy, democratic process/institutions
  - ↑ increase wages/income/services to workers/members
  - ↑ autonomy/quality of life for local communities

- The **ability of co-operatives** to play this role depends upon their ability to compete across a full range of economic sectors (not just their conventional areas)
5. What strategies are necessary?

1. Innovation in Co-operatives
   - adopting/adapting new technology
   - developing new organizational forms
     - platform co-operatives, co-operative franchising, etc.
   - innovation in financing

2. P6 - Co-operation among co-operatives businesses
   - ↑ commitment to purchasing policies/co-op value chains
   - education/learning/sharing along supply chains, x-sector
   - strategic planning/partnerships

3. Co-op Development/Collective Entrepreneurship
   - support for new co-operatives (especially in new sectors)
   - new forms of support (co-op think tanks, ent. programs)
6. Other necessary forms of support?

4. Co-op solutions for missing states
   - Social programs
   - Educational and training programs
   - Employment programs for vulnerable populations

5. Supporting non-state regulation (critically/strategically)
   - Labour and human rights, environmental standards, fair trade, etc.

6. Co-operating with non-co-operatives
   - Working with organized labour
   - Participating in networks, alliances, social movements
     - local and organic businesses, environmental movements, peasant movements, agricultural movement, etc.
6. Other necessary forms of support?

7. **Reinterpreting the co-op principles** (for a global economy and a “global village”)

- **P1 ➔** membership, not only open but truly accessible
- **P2 ➔** extending/deepening democratic control
- **P3 ➔** overcoming hurdles to enable economic participation possible for all
- **P4 ➔** not only co-op autonomy, but help states remain autonomous (a vibrant civil society, econ alternatives)
- **P5 ➔** injecting co-op education into formal education
- **P6 ➔** strategic co-op across sectors, foundations, etc.
- **P7 ➔** a global economy is making a global village, we must be concerned for all (and the world that sustains us all)
“Co-operatives must build a better World!”