# EMPOWERMENT IN COOPERATIVE

# ORGANIZATIONS: FIVE

# HOUSING COOPERATIVE

# MANAGEMENT

# CASES

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## Summary

People who could otherwise never acquire the authority of an entrepreneur are afforded this opportunity in cooperatives. This form of collective entrepreneurship, however, does raise the question of how members actually partake in the activities of the cooperative and what authority they have within the organization. This research project deals with the process of integrating and empowering members to take over the reins of their rental housing cooperative. While the founding members went through a number of experiences, during the project development phase, that enabled them to acquire knowledge, skills and abilities to manage their cooperative, the renewal of human resources in this type of organization raises not only the issue of the training that they can receive from the outside (cooperative network, technical resource groups, etc.), but also the renewal of cooperative management practices in house, in particular, the renewal of experiences to foster the integration and empowerment of members with respect to the takeover of their organization.

The report comprises two parts. The first part provides a framework for the analysis of participative management practices in rental housing cooperatives. This framework is particular in that it focuses on the empowerment of the members with regard to the takeover of their organization.

The second part presents five management cases based on real-life experiences in housing cooperatives. The names of the persons and cooperatives and some facts have been altered to ensure the anonymity of those involved.

The report also includes the methodology and a bibliography.

# L'HABILITATION DANS LES ORGANISATIONS COOPÉRATIVES
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## Résumé

La coopérative permet à des personnes qui autrement n'en auraient pas eu la capacité d'accéder aux pouvoirs de l'entrepreneur. Cette forme d'entrepreneuriat collectif pose toutefois la question de la participation effective des sociétaires aux activités et au pouvoir au sein de l'organisation. Cette recherche porte sur les processus d'intégration et d'habilitation des membres à la prise en charge de leur coopérative d'habitation locative. Alors que les membres fondateurs ont eu, durant la phase de réalisation du projet, nombre d'expériences favorisant l'appropriation de connaissances, compétences et habiletés de gestion de leur coopérative, le renouvellement des ressources humaines dans ce type d'organisation pose non seulement la qeustion de la formation qui peut leur être fournie de l'extérieur (réseau coopératif, groupes de ressources techniques, autre), mais aussi le renouvellement, de l'intérieur, des pratiques de gestion coopérative. Notamment, le renouvellement d'expériences favorisant l'intégration et l'habilitation (*empowerment*) des membres en regard de la prise en charge de leur organisation.

Le rapport se compose de deux parties. La première partie présente in cadre d'analyse des pratiques de gestion participative dans les coopératives de logement locatif. Ce cadre tient sa particularité de s'inscrire sans une perspective d'habilitation des membres à la prise en charge de leur organisation.

La seconde partie présente cinq cas de gestion qui ont été réalisés à partir d'expériences vécues dans des coopératives d'habitation. Le nom des personnes et des coopératives, ainsi que certains faits ont été modifiés afin de respecter la confidentialité des personnes.

Une présentation de la méthodologie ainsi qu'une bibliographie complètent le rapport.

## Presentation

People who could otherwise never acquire the authority of an entrepreneur are afforded this opportunity in cooperatives. This form of collective entrepreneurship, however, does raise the question of how members actually partake in the activities of the cooperative and what authority they have within the organization.

The place and role of the members in assuming the activities of their cooperative varies considerably with the size and age of the organization, and also depending on the line of business and the usage relationship between members and their cooperative. It is quite common to see members get involved on a voluntary and free basis in the management of a small emerging organization, while managers and employees are often found in larger, established cooperative businesses. Likewise, the members of a workers' cooperative may find it crucial to take part in most business decisions, whereas those of a consumers' cooperative may deem it sufficient to participate in the strategic directions, leaving the everyday management of the business to the executive officers. As such, the nature and intensity of the usage relationship largely determines the involvement of the members in the decisions made within the organization.

At any rate, the aim of a cooperative, which is valuing usage, and the ownership structure of a cooperative, held by its user members, give rise to a constant concern within the cooperative management for the participation of the members in the activity of the cooperative (condition for its viability) and in the control of its direction (condition for its relevance). This research project deals with the process of integrating and empowering the members to take control of their rental housing cooperative (RHC).

The first part of this report provides a framework for the analysis of the management practices in rental housing cooperatives. First, we will define the concept of empowerment in a cooperative context and specify how the concept takes on a particular connotation in the cooperative rental housing sector. The theoretical model that emerges from the literature on empowerment will then be explained.

The second part of this report presents five cases of participative management in rental housing cooperatives.

The report also includes the methodology and a bibliography.

PART ONE:

FRAMEWORK FOR THE ANALYSIS OF MANAGEMENT

PRACTICES IN RENTAL HOUSING COOPERATIVES

# 1. The concept of empowerment and rental housing cooperatives

## 1.1 Empowerment

There are a multitude of definitions for empowerment. Without being new, this concept has been updated in recent management trends. In fact, we will see that the "new organizational paradigm" includes empowerment and decentralization (Peters, 1996). There is talk of involvement and commitment (Batten, 1995), of intrinsic motivation to participate in permanent change within the learning organization (Garratt, 1995; Phillips). Re-engineering aims for the flattening of the structures (Hammer and Champy, 1993), the recomposition of decomposed work, the self-organization of group work into teams, the definition by workers of their own work rules (Sandoval, 1994).

The concept of empowerment is also in line with the change of paradigm that is under way in the areas of education and training, that is, the passage from the traditional approach of "the subject matter to be conveyed" to the competency-based approach, which is aimed at enabling people to accomplish certain tasks in specific conditions, while meeting certain performance criteria.

The effects of empowerment, beyond the boundaries of the organization, can also be seen as contributing to establishing and maintaining social relations (Godbout and Caillé, 1992) or social cohesion (Castel, 1995; Eme and Laville, 1994), favouring social compatibility (Polanyi, 1988; Granoveter, 1985), or else creating and accumulating share capital (Bourdieu, 1986; Coleman, 1990; Putnam, 1996) useful for other purposes in social action.

In the context of a research project on the participative management of a cooperative, we will define empowerment as a strategy aimed at enhancing the decision-making and acting authorities of the members of an organization in view of promoting the achievement of the objectives that it has set for itself, while respecting the values that guide its actions. The goal of this strategy is to develop mechanisms favouring the quality and quantity of participation of the members in the decisions that affect them, their involvement and commitment in the direction, governance and control of the activities that concern them. In line with the cooperative action philosophy, this strategy may be seen as an instrument to realize the mobilizing potential of the cooperative formula. Empowerment can also be perceived as a practical application of the principle of cooperative education.

## 1.2    Rental housing cooperatives

Issues concerning the empowerment of cooperators and the integration of new members into the organization are particularly crucial for rental housing cooperatives. First, this is because, in Quebec, these are organizations that are fully managed by their members who do the work on a voluntary basis. In almost all cooperatives, maintenance is also largely assumed by the resident cooperators. The participation of the members--both in terms of quality and quantity--therefore holds a place of utmost importance in this type of organization.

It should also be recalled that these cooperatives had, from the outset, a mission of social empowerment and integration, given their role in this respect as social integration organizations. In fact, this cooperative movement emerged from a wider social movement of urban struggles in the 1970s. Citizens' committees and tenants' associations were then militating in favour of the recognition of tenant rights. They advocate public education through community action within organizations that were owned and managed by the sector. They favour a mix of the social groups represented in the residential projects in order to counter the ghetto phenomenon present in public housing and promote exchanges between social classes. With an autonomist tradition, the RHC sector in Quebec is distinguished by a great will to be autonomous on the part of the primary cooperatives. As a result, the involvement of the developers during the project development phase has to subsequently give way to an organization capable of assuming its management and reproducing this capacity: the outgoing director trains his successor, member committees integrate newcomers, etc. Even when external support is required (training, management assistance, etc.), the trainers say that it is aimed at restoring the capacity of the cooperative to ensure its independence and autonomy (Bouchard, 1986-1987). This aim, which could be said to be transformationist, characterizes not only the RHC movement but also a large part of the community movement during the same period.

The integration and empowerment of the members are consequently, for the RHC, issues that are both internal, specific to the organization, and external, aiming for the social and economic promotion of the members of the organization.

## 1.3    Current situation

The rental housing cooperative (RHC) sector posted a rapid growth rate over the last 20 years. Now, the *Confédération québécoise des coopératives d'habitation* (CQCH) [Quebec confederation of housing cooperatives] has established a rather pessimistic diagnostic concerning the survival of a good number of cooperatives, unless an adjustment to the cooperator coaching practices is undertaken very rapidly. Having benefited from an expert support environment for their creation and during the implementation phase of their projects, several housing cooperatives are now faced with the challenge of renewing the

4

knowledge, skills and management abilities required for their proper operation. This difficulty, associated with the "change of life" of a large number of cooperatives, adds to those posed by cooperative management in an environment that is regulated by different government subsidy programs, and also by the variety of unique management experiences within each of the cooperatives.

The issues related to member empowerment are an integral part of the problem. As living environments and as businesses, rental housing cooperatives have a dual objective to meet: 1) provide a quality housing service and 2) ensure a neighbourhood climate that is conducive to friendly social interaction among the residents[1]. To effectively meet this dual requirement, these cooperatives largely count on the participation of residents in the management of their organization. This allows for a reduction in the economic and human costs associated with the management of the housing service. Now, according to RHC members, the factors that leave the most to be desired in the management of cooperatives are, first, the encouragement of residents to participate and, second, the coordination of volunteer work (CMHC, 1990: 221). The CQCH, for its part, has identified the following principal sources for the management "problems" experienced by cooperatives: the renewal of members, the lack of training of new occupants, the depletion of founding members (CQCH, 1994).

There is no doubt about the challenge posed by the management difficulties within housing cooperatives. Among the cooperatives that were members of one of the Quebec regional federations in 1993, nearly half were making use of management assistance services[2]. This situation is unfortunately not original, according to the priorities that the *Confédération québécoise des coopératives d'habitation* set for itself in 1994 with regard to supporting cooperatives in difficulty (CQCH, 1994). The number of requests for assistance submitted to the cooperative housing stabilization fund following the latest federal program attained, for Quebec only, over 60 cooperatives[3]. And the situation was no better in the other Canadian provinces (CHFC, 1993).

Several factors may be at the source of the problems encountered by housing cooperatives. In addition to the aspects related to market trends (including interest rates and local housing market prices[4]), there are some questions concerning the capacity of the members to assume the management of their organization. The results of an evaluation of

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[1] This is what makes us say that the function of relations with the members, in RHCs, rather becomes a function of relations "among" the members (Bouchard & Malo, 1983).

[2] An employee of one of these federations even indicated to us that close to one third of the cooperatives who were members of the organization were experiencing "serious difficulties". It should be noted, however, that not all cooperatives are members of federations (the penetration rate is around 50%). This may lead one to believe--or hope!--that non-member cooperatives do not require any external support.

[3] According to one CQCH employee, over half of these cooperatives are in the Montréal area.

[4] These issues have a greater impact on Section 95 Federal Cooperative Housing Program (Indexed-Linked Mortgage) cooperatives. See CMHC, 1990: 224.

5

the Federal Cooperative Housing Program (CMHC, 1990) revealed that, according to housing cooperatives coordinators and managers, the financial difficulties are mainly due to poor management practices (p. 224). The problem of resident training was also identified (p. 220). From the standpoint of the occupants of cooperatives, the lowest level of satisfaction was given to the manner in which the cooperative was managed (pp. 136-137).

While the founding members of RHCs went through a number of experiences, during the project development phase, that favoured the acquisition of knowledge, skills and abilities to manage their cooperative, the challenge of renewing the human resources in this type of organization raises not only the issue of the training that they can receive from the outside (cooperative network, technical resource groups, etc.), but also the renewal of cooperative management practices in house, in particular, the renewal of experiences to foster the integration and empowerment of members with respect to the direction, governance and control of the activities that concern them.

Several contextual factors modulate the cooperative practices in the housing sector, influencing the capacity of cooperators to assume the activities and control of their organization. These include a loss of strictly cooperative incentives in projects where the rents of several members are determined by the income of the household and not by the expenses of the organization (Bouchard, 1994a), a reduction in the duration of the group support phase as of 1979 (Fincher & Ruddick, 1983), an increase in the number of cooperatives that contract out their management since the implementation of the latest Federal Cooperative Housing Program (CMHC, 1990: 196) and the relationship difficulties associated with the split between social categories that were polarized within cooperatives following this same federal program (Keith, 1992).

However, few studies have so far examined the internal dynamics specific to these organizations. We are setting out here that cooperators have the capacity to develop, on their own, the abilities required to take control of their organization and, failing this, that management training or assistance provided to RHCs can aim for the empowerment of the group and its members, bring them to develop such self-training capacities. We are therefore interested in the cooperative management processes that foster--or inhibit--the integration and the empowerment of the members to take control of their organization.

## 1.4    Arbitration of the cooperative paradox

The varied literature inventoried surrounding the concept of empowerment allowed for the development of a grid for the analysis of cooperative management practices from a very specific perspective, that of the importance of the user in taking control of the organization. Before developing this, however, it is important to specify the conception of cooperative management and the perspective on empowerment that we are adopting here.

Starting from a conception of the cooperative as a combination of a grouping of persons and a business (Vienney, 1980), the study of participative management practices must be based on a particular analytical perspective, namely, the management of the paradox between the community of persons and the effective participative management of the business. While the conception of a community founds the notion of immediate solidarity, the logic of business is rather associated with the notion of instrumentality, with the calculation of the cost/benefit advantages of participating in the collective action (Angers, 1976; Olson, 1964). Given that these two positions are present in cooperative action, cooperative management must be seen as a series of processes that attempt to establish some congruence between these logics which are a priori paradoxical (Bouchard, 1994a). Such processes may either inhibit learning and empowerment by attempting to reduce the risks of cognitive dissonance, or foster the development of knowledge and empower the member (Argyris, 1993)[5].

The cognitivist and systemic approaches of the organization also teach us that the organization, as a structure for adaptation and assimilation to its internal and external environment (Bouchiki, 1990), can foster the development of professional know-how by stimulating thought processes through action (Schön, 1983). This conception also leads to the perception of management as a source of experiential learning (Kolb, 1984), when it is not a simple imitation of a model provided by an external source, but a trial-and-error process through which knowledge is built (Argyris and Schön, 1978).

As RHC members are the collective owners of the business in which they are tenants, we must also take into account the effects of this ownership status on the empowerment processes. Does the fact that they are owners, albeit collectively, influence their commitment and participation? And, if so, on what conditions? Some authors who looked into this issue think that formal ownership of an organization is not sufficient to feel psychological ownership (Pierce et al., 1991). In fact, they maintain that other factors such as the types of ownership, the expectations with respect to the ownership, the amount of capital held, the influence on decision making and information are even more determining in what we could call the feeling of psychological ownership. In line with a continuation of the work of Pierce et al., a study conducted in American student housing cooperatives found that the feeling of psychological ownership positively affects the behaviours of the members of the organization (Vandewalle et al., 1995). As a result, members who have a strong feeling of psychological ownership will do more than is required of them (extra-role behaviour).

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[5] Without fully subscribing to a completely Piagetian structuralist perspective, we are adopting here a systemic viewpoint, taking into account certain social variables such as peer interaction and social representations (Gilly, 1988). Likewise, we perceive communication exchanges as a place for the production of new meanings for the group (Melucci, 1989, Habermas, 1987), and we recognize the dialectic character of the processes, as a result of the complementarity between environmental determinism and the singularity of individual actions.

A few warnings should also be issued, before going any further, with regard to the concept of empowerment. First, this concept is still quite vague on a conceptual level and in terms of procedure. With still little empirical validation, the concept is subject to the distortions of the different authors that refer to it. In addition, the question of measuring the level of empowerment still poses several ambiguities (Rissel, 1994). As a result, the effects observed can be deceiving. A bad choice of indices or the simple use of the "impressions" or "feelings of empowerment" experienced may be misleading and not bring about any real social change (Chatterjee, Bailey, 1993). In cases where the practices are determined by public policy (in health or housing), the groups arising from new social movements can be too imbued with bureaucratic logic to foster any real empowerment (Stevenson, Burke, 1991). Heteronomy and exclusion can also be masked behind participative practices (Godbout, 1983, 1987; O'Neill, 1992).

With these few specifications made, it was on the basis of the contributions of various authors who dealt with the very concept of empowerment (often using this term) that we can specify how this concept applies to cooperative management practices.

## 2. The empowerment process

The literature inventoried on empowerment (Gagnon, 1995) can be presented following a model that facilitates the understanding of the empowerment process. This model can be summarized by a simple statement: a given organizational or individual structure combined with certain empowering means produce certain empowering effects on the individual or the operation of the organization.

| Independent variables | | | | Dependent variables |
|---|---|---|---|---|
| Empowering structures | +  --> | Empowering means | =  --> | Empowering effects |

**Figure 1: Simple Model of the Empowerment Concept**

This model of the empowerment process allows for the division of its constituent elements into two major types of variables: independent variables and dependent variables. The independent variables are essentially described in the literature on empowerment. They are the structures and means, both individual and organizational, that lead to the empowerment of the members of an organization. The dependent variables, for their part,

8

concern both empowerment and housing cooperative management; they are the effects that the empowerment process should produce on individual and organizational plans. Some information provided by key informants (see Interview outline #1) have enabled us to reveal some points with respect to the current situation in Quebec housing cooperatives.

## 2.1 Empowering structures

The first group of variables is related to the individual and organizational structures that pre-exist any empowering action, but that can favour its success. On an individual level, the notion of empowering structures refers to the cognitive structures that affect the intrinsic motivation of a person. They are the estimates that the person makes of his competence, the impact of his actions, his self-worth and the progress that he makes. Empowerment can have an impact on the estimates of this person in a given situation (circumstantial estimates) or on his beliefs and his accumulated learning from past circumstantial estimates (global estimates) (Thomas and Velthouse, 1986, *in*: Tymon, 1988, p. 32).

As for the organizational dimension, the notion of empowering structure essentially designates, in a housing cooperative, the participative structure, the policies and the procedures. After having studied, over a period of eight years, ten businesses that opted for the empowerment strategy, Randolph (1995) came to the conclusion that, to be empowering, the organizational structures must first enable the members of the organization to have a common vision. They must also allow for the definition of goals and roles through cooperation among the members. These structures must also include a training system, a structured performance management process and a work organization based on self-managed teams.

**Table 1: Empowering Structures**

| Individual | Organization |
|---|---|
| Cognitive structures:<br>- circumstantial estimates<br>- global estimates<br>  (Thomas and Velthouse) | - common vision<br>- method of defining goals and roles<br>- decision-making rules<br>- performance management<br>- training<br>- self-managed teams<br><br>(Randolph) |

*Rental housing cooperatives*

It appears, according to the key informants consulted, that the policies and procedures applied within Quebec RHCs are often imprecise and incomplete. In addition, it would seem that the responsibilities and tasks are improperly divided in a good number of RHCs. The overly heavy structure and operation of certain cooperatives also seem to be a cause of dissatisfaction, as it would appear that this prevents adaptation to the changing needs of the members.

## 2.2 Empowering means

As the second group of variables, empowering means are actions that, combined with empowering structures, can produce empowering effects, again following the simple model explained above.

In addition to the experiential learning mentioned earlier, on an individual level, the cognitive styles (or processes), namely attribution, evaluation and envisioning, affect the circumstantial and global estimates that have just been described (Thomas and Velthouse, 1986, *in*: Tymon, 1988, p. 34). The cognitive styles of people therefore have an influence on their capacity to empower themselves. When the cognitive styles are inadequate, it is possible, according to Argyris (1982), to modify them using certain training techniques. Tymon (1988, p. 34), for his part, states that training can be used to make the members of an organization aware of their cognitive styles, teach them how to "manage" these styles, and get them to evaluate their consequences and adopt more functional cognitive styles.

The cognitive styles of RHC members will depend, among other things, on the education that they received and the experiences that they lived through. The capacity to attribute causes to effects, to evaluate situations and envision solutions can therefore vary a great deal from one member to another. However, as we have just noted, training actions can contribute to the development of appropriate cognitive styles. In fact any empowering means such as those which we will describe a little further on can foster the acquisition of appropriate cognitive styles.

On an organizational level, empowering means can impact such dimensions as education, leadership, mentoring, structuring, tooling, self-actualization (Vogt and Murrell, 1990, pp. 71-74) and communication (Randolph, 1995; Cohen, 1988; Scott and Jaffe, 1991).

10

**Table 2: Empowering Means**

| Individual | Organization |
|---|---|
| Training modifying the cognitive strategies:<br>- attribution<br>- evaluation<br>- envisioning<br>   (Thomas and Velthouse)<br><br>- experiential learning (Argyris, Kolb, Schön) | Empowering actions:<br>- education<br>- mentoring<br>- tooling<br>- structuring<br>- leadership<br>- self-actualization<br>- communication<br>   (Vogt, Murrell, Randolph, Cohen, Scott, Jaffe) |

## Education and training

As was already mentioned, education and training take on a specific importance in a cooperative context. To comply with the cooperative mission, cooperative education and training must have the right balance of managerial, doctrinal or "developmental" currents (Comtois, Beaulieu, Humérez-Comtois, 1981-82: p. 2-4). We can then, at the same time, instil the required technical skills, spread the message of cooperation as a formula for economic and social organization and encourage the development of the members' personal attitudes.

Since the predominant attitudes and behaviours in society are primarily of a competitive and individualist nature, cooperative action requires (and encourages) the acquisition of cooperative abilities and attitudes. These are conceived in the cooperative sector, as being based by a set of so-called "cooperative" values. In this regard, we can quote Claude Béland, president of the *Mouvement des caisses populaires Desjardins* and also president of the *Conseil de la coopération du Québec*:

> *[translation]*
> "[...] cooperative education does not only consist in passing on knowledge or techniques or simple business management rules: it is first and foremost a system for the transmission of values with all that this implies in terms of knowing human beings and the vision of society that it involves." (Béland, 1993)

*Rental housing cooperatives*

According to several key informants questioned during our survey, the budgets and efforts allocated to member education and training are not sufficient in most RHCs. Now, these same informants also noted that RHC members sometimes do not properly understand the

11

goals and operation of a cooperative. These members do not always have the basic skills required for the sound preventive management of their organization and cannot develop their own personal abilities. Some key informants indicated that it would even seem quite common for RCH members to lack basic skills such as writing.

## Leadership

As a second empowering means, leadership can stimulate, motivate and favour action (Vogt and Murrell, 1990: 73). For other authors, such as Scott and Jaffe (1991), to be empowering, leadership must be facilitating, that is, it must create an environment allowing individuals to learn, to develop their potential and to contribute to the effort made by the group. Such leadership is necessary because the organization is not founded on individual performance but on a coordinated group of people, namely, a team.

The democratic dimension of leadership must also be pointed out. In fact, a recent study maintains that one of the important aspects of empowering leadership is control sharing. The results of this study show, among other things, that a member of the organization can empower another member, on the one hand, by giving him latitude in the manner of accomplishing the tasks to be performed and, on the other hand, by supporting his self-worth (Keller and Dansereau, 1995 : 127).

### Rental housing cooperatives

It is important to specify that, in a context of endo-management[6], such as is the case for rental housing cooperatives, the leader does not necessarily have a higher position than the other members of the organization. Instead, the leadership is shared and assumed by those who have a natural ability to exercise it. In a RHC, leadership can also vary with the areas of activity or functions. As such, one person will be a leader in planning, while another will lead the organization or accomplishment of tasks. One cooperator can be recognized for his leadership within the finance committee and another, within the maintenance committee. As well, leadership will be transferable from one person to another. For example, during the creation of a RHC, the Technical Resource Group (TRG) assumes a large part of the leadership and then gradually transfers it to the members.

According to the key informants consulted, leadership is often problematic in RHCs, for two main reasons. First, leadership can be almost non-existent. This means that there is no vision to gather ideas from members and support the efforts that they must make within the cooperative. At the opposite extreme, leadership can be very strong but autocratic or taken over by a small group of people. This leadership can be benevolent, or prudent.

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[6] The term endo-management designates management by the owners-users of a business, that is, the people who use its products or services (Bridault, 1992, p. 21). A distinction must be made between endo-management and self-management, which refers to management by the worker-occupants of a business, such as in a workers' cooperative, for example.

Unfortunately, such leadership can sometimes lead to abuse of power and even serious fraud. Autocratic leadership can have the effect of disempowering and demobilizing members.

## Mentoring

More personalized than the other empowering actions, a third empowering means, mentoring, is based on an emotional bond that is more intimate than leadership. When members of an organization mentor one another, the organization is strengthened, as mentoring allows members to build more trust and self-confidence (Vogt and Murrell, 1990: 73).

Another notion, organizational mentoring, is defined as "a deliberate pairing of a more skilled or experienced person with a lesser skilled or experienced one, with the agreed-upon goal of having the lesser skilled person grow and develop specific competencies." (Murray and Owen, 1991: xiv). The mentor acts as a resource person to the less experienced one, and the learning and competency acquisition objectives have been agreed upon beforehand by them both. The mentor becomes a source of information on the mission and objectives of the organization. He provides a thorough insight of the organization's philosophy. He can help his "protégé" acquire specific competencies and develop appropriate behaviours to operate within the organization. Moreover, the mentor provides feedback on observed performance and can be a confidant when personal crises or problems arise (Murray and Owen, 1991: 13).

*Rental housing cooperatives*

In Quebec rental housing cooperatives, mentoring is often practised when a new member joins the cooperative or a new member sits on the board of directors or a committee. It often happens, however, that mentoring is insufficient, incomplete or even non-existent.

Although mentoring is most often practised in the traditional mentor-protégé format, it can also be practised in interactive groups, as shown by Kaye and Jacobson. For group mentoring sessions, a "veteran" of the organization joins a group of four to six lesser-experienced protégés. They exchange ideas in the group and receive feedback and advice from the mentor, which is, in fact, a form of group learning (Kaye and Jacobson, 1995: 24). This type of mentoring may be very relevant for rental housing cooperatives, as it requires much less time, a commodity already in very short supply. Moreover, this affords the group of protégés the opportunity to bond with one another.

## Tooling

A fourth empowerment method involves providing persons with the tools that they require to carry out the duties that they have been assigned. When members of an organization do not have the tools they need to fulfill their role, they experience a feeling of impotence which may result in absenteeism or non-participation (Vogt and Murrell, 1990: 78-79).

### Rental housing cooperatives

Key informants often noted that members of housing cooperatives do not always have the management tools required to do their jobs. Moreover, it would seem that there are few validated tools (in the form of guides with information and procedures to be followed, for example) to help members of cooperatives manage their organization. Members of a housing cooperative must manage budgets of up to several hundred thousand dollars and face complex problems of conflicts between the cooperative and members or among the members themselves.

## Structuring

If the structures required for empowerment are not already in place, they will have to be implemented or modified. A fifth empowering means, structuring, brings together the methods needed to create an environment conducive to empowerment in the form of participation, responsibility, policy and rules of operation structures, to name a few. Furthermore, structuring enables the organization to adjust to changes taking place in its environment. One must bear in mind, however, that structures which are too rigid may reduce the organization's flexibility.

## Self-actualization

A sixth empowering means, self-actualization, can also contribute to empowerment. The more people achieve a high degree of self-actualization through work or participation in an organization, the more they are empowered to contribute to the success of this organization. O'Connell (1995) provides seven ways of promoting self-actualization among members of an organization: (1) make empowerment a part of the organization's culture; (2) be honest and sincere; (3) encourage communication and listening; (4) show humour in difficult situations; (5) support decisions made by another person; (6) leave a reasonable margin of error to allow for creativity and resourcefulness; (7) play down the impact of minor incidents instead of making a big issue of them and face crises head on.

## Communication

The seventh empowering means, communication, is one of the cornerstones of empowerment. All information concerning the performance of an organization--even that of a delicate or sensitive nature--must therefore be shared. Randolph (1955: 21) noted, through the extended observation of ten organizations having experienced empowerment, that sharing information is essential to the emergence of an atmosphere of trust and helps eliminate resistance to the empowerment process. In addition, the empowering information must possess certain characteristics. First of all, it must flow in all directions. For example, everyone's comments and suggestions must be taken into consideration. Communication should always be welcomed constructively such that, for instance, no one will fear having to admit that they erred. Consequently, errors must be accepted and seen as learning opportunities rather than faults. Empowering information must also be relevant, that is, it must allow for an evaluation of the progress made by the organization towards the achievement of its goals (Randolph, 1995: 21-24).

### 2.3  Desired effects of empowerment on the individual and the organization

From an individual standpoint, the main effect of any empowering intervention will be a greater feeling of self-efficacy. This relates to the concept described by Bandura, i.e. the conviction that persons have of successfully achieving what is asked, so as to produce the anticipated results (Bandura, 1979: 77). Personal efficacy is one of the key variables of the empowerment concept, because, as Bandura maintains, it generates power. Persons with a low feeling of self-efficacy fear and generally avoid taking on challenges. However, those who score high on this trait, thanks to their previous successes, are daring and expend much time and effort taking on difficult situations (Bandura, 1979: 78).

The feeling of self-efficacy is one of the variables that Cohen uses to describe the result of empowerment: the empowered group. The characteristics of the empowered group are as follows:
1.  An empowered group acts and accomplishes tasks within its environment.
2.  An empowered group is perceived by its members as an effective social unit capable of acting to achieve its objectives.
3.  Members of an empowered group are committed on an emotional basis (they are enthusiastic and dynamic) when taking part in a group task.
4.  An empowered group is perceived by its members as being able to maintain and improve the personal efficacy of each person. They are convinced that they can accomplish what they have decided to accomplish (Cohen, 1988: 11-12).

Even though they are variables describing the attitudes and behaviours of a group, we include them in individual effects, as they can be observed in individuals. We can summarize these characteristics under the headings of performance, trust, commitment and the feeling of personal efficacy.

Thomas and Velthouse define five empowered behaviours that empowerment should produce: activity, concentration, initiative, perseverance and flexibility (Thomas and Velthouse *in*: Tymon, p. 14). According to these authors, these behaviours are favoured by some of the global and circumstantial estimates discussed earlier. The individual effects of empowerment according to Thomas and Velthouse and to Cohen are summarized in the following table. These are not the only possible individual effects of empowerment, but they nonetheless provide a good idea of what empowerment is intended to accomplish.

**Table 3: Effects of Empowerment on the Individual**

| Thomas and Velthouse | Cohen |
| --- | --- |
| - activity | - performance |
| - concentration | - trust |
| - initiative | - commitment |
| - perseverance | - the feeling of self-efficacy |
| - flexibility | |

Most of the literature surveyed (Gagnon, 1995) does not deal with the organizational effects of empowerment explicitly and is most often limited to describing the effects on individuals. Examples of organizational effects are effectiveness, efficiency and customer satisfaction. The following are some of the desired effects of empowerment (as perceived by managers) that Ward (1993) identified in the organization that he studied:

- an increased capacity to control variables affecting the organization [...]; and
- the ability to avoid problems and confront them more effectively when they emerge [...] (Ward 1993: 154-155).

It seems evident to us, however, that the effects sought by an empowerment strategy will vary based on the organization that it is applied to. The effects sought in a rental housing cooperative (RHC) will, of course, be far different from those sought in a manufacturing firm operating in a highly competitive global market. We must also add that empowerment is conceived on the basis of two major perspectives that we will qualify as humanist (or mission-related) and utilitarian (efficiency-related). The former involves the emancipation of a specific group in society seen as being disadvantaged from a power standpoint, and the latter is concerned with making the organization more successful, increasing productivity and maximizing profits.

16

*Rental housing cooperatives*

Both the humanist and utilitarian perspectives are relevant in analyzing empowerment strategies in rental housing cooperatives. On the one hand, the humanist aspect pertains to the very mission of the organization. In fact, as an association of persons with a common need, a housing cooperative is, in itself, an instrument of social empowerment, that is, an instrument enabling persons who are relatively underprivileged to acquire or regain power to improve their living conditions. This two-pronged social empowerment process enables persons to have more say in their living conditions and increase their individual power (ability to act) through what they have learned and experienced as owners-users of their collective business. However, once the association of persons has created the business that has freed them from difficulties in finding suitable housing at a reasonable price, members must be able to manage this business. The more they are able to manage their organization effectively and resolve problems, the more they will be able to increase the cooperative benefit they derive therefrom. The utilitarian perspective helps one to see member participation as one of the conditions contributing to the effectiveness of rental housing cooperatives. Conversely, as evidenced by the conclusions of Balkwill and Fishlock (1993), ineffectiveness seems to be a harbinger of low participation and even conflict. The humanist approach, for its part, provides an understanding of the nature of interpersonal relations that are established within rental housing cooperatives and result from a willingness to redefine the living arrangement.

Based on the literature dealing with the management of rental housing cooperatives, we will describe the effects of empowerment on RHCs as measures or criteria of good management, the effects sought by the actions of the RHCs and the particular competencies that members of RHCs must demonstrate. Each of these three categories of effects is detailed in Table 4.

**Table 4:**
**Effects of Empowerment on the Rental Housing Cooperative Organization**

| Indicators of sound management | Desired effects | Specific competencies of members |
|---|---|---|
| - satisfaction with regard to housing<br>- good financial situation<br>- absence of conflicts<br>- ability to keep rents low (CMHC, 1990, p. 222) | - reduction of operating costs<br>- maintenance by empowered residents<br>- living environment favourable to economic integration<br>- generation of permanent housing stock for social purposes (Bouchard, 1992, p. 8)<br>- feeling of psychological ownership (Vandewalle *et al.*) | - develop and maintain a vision of collective action.<br>- evaluate the short-, medium- and long-term needs of the business.<br>- arbitrate between the collective and individual needs of the group of persons.<br>- understand and manage relations between members.<br>- provide adequate doses of leadership and initiatives<br>- evaluate the training needs of members, managers and executives<br>- understand and manage relations with the environment (community, construction sector, financial institutions, public sector corporations, cooperative network)<br>- encourage and manage participation (Bouchard, 1994b, p. 4) |

## 3. Main challenges of participative management in rental housing cooperatives in Quebec

An analysis of data gathered from key informants has revealed that five main challenges are confronting Quebec housing cooperatives from the standpoint of organizational management.

### 3.1. Challenges

1. Meeting the needs of members.
2. Creating and maintaining a sense of belonging, commitment and participation among members.
3. Creating and maintaining good relations between members.
4. Creating and maintaining a democratic leadership and operation.
5. Creating and maintaining sound financial and real estate practices.

18

These would be the main objectives to be achieved for a housing cooperative to realize the potential of the cooperative formula. Of course, other prior or intermediate objectives must first be met for these ultimate objectives to be achieved. For example, several key informants identified member training as a factor that enhances member commitment and participation.

The information provided by the key informants also concerned the main causes of the difficulties experienced by housing cooperatives when they experience difficulties. These informants also identified possible corrective actions, preventive management practices and necessary competencies.

## 3.2. Areas of management and causes of difficulties

(A) Relations between/with members and participation
- conflicts with respect to power
- poor selection of new members
- poor interpersonal relations
- poor circulation of information
- lack of tools
- poor integration
- expectations of member participation too high
- people get tired because too much is asked of them
- structure and operation too unwieldy (lack of adaptation to the various project phases, process duplication)
- poor distribution of responsibilities and duties
- poor sense of belonging to the movement
- difficult economic conditions make the members' personal situations difficult
- lack of competencies on the part of network stakeholders
- methods used by the stakeholders are not suitable
- it is not realistic to think that members can take over the entire management of an RHC, as it is far too complex
- economic reasons are used far too often in attracting new members
- the cooperative does not adjust to the members' changing needs: this creates dissatisfaction
- excessive recourse to regulations and legal action
- unfamiliarity with the cooperative formula
- misunderstanding of the "collective owner" notion
- members' sense of belonging to the cooperative is not maintained
- the board of directors does not sufficiently involve members in the decision-making process
- when the cooperative is too small (less than 12 units), members quickly run out of steam
- the lack of social mix results in a lack of competencies

- the withdrawal of the Technical Resources Group (TRG) creates isolation, which leads to the exhaustion of the leaders
- autocratic leadership disempowers and demobilizes members
- lack of experience and models with respect to participative democracy
- poor member attitudes (lack of respect, lack of self-confidence, etc.)

(B) Financial management
- finances are managed with a short-term perspective, which leads to a scarcity of resources and thereby an inability to act;
- lack of sound management practices (lack of control, arrears)
- lack of tools
- difficult economic conditions increase the likelihood of fraud
- tension between owner and tenant roles
- difficult real estate market causes vacancies (especially in ILM cooperatives)
- members do not have a good understanding of the financial statements and, consequently, of the stakes when making decisions

(C) Real estate management
- short-term management
- lack of tools
- tension between owner and tenant roles
- poor prioritization of work

(D) Management of government programs
- program complexity
- structural flaws of programs (especially ILM)
- CMHC does crisis management instead of preventive management[7]
- lack of tools
- new construction: modest criteria creates poor housing conditions (soundproofing, size of living spaces, etc.)

## 3.3. Possible Corrective Actions

- implement sound management practices
- deliver continuous training
- adjust to current conditions (people want to do the strict minimum required, and collective activities are not as valued as they were in the 1970s)
- federations must promote existing tools
- choose what members should do themselves and what they should have done by external parties

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[7] Author's note: CMHC performs some monitoring activities, particularly with respect to the physical condition of buildings.

20

- eliminate process duplication
- have members question themselves about the aims of the cooperative
- describe financial statements in layman's terms
- provide members with information and training on the cooperative formula; have them see all the advantages, not just the economic advantage
- entrust the performance of some technical aspects to an external party
- recall the mission of the cooperative and the movement on a regular basis
- call on resource-persons when difficulties arise

## 3.4 Preventive Management Practices

- use strategic planning
- ensure continuous member training
- have several persons look after finances to reduce the risk of fraud
- develop better ways of communicating
- talk and listen to one another instead of sending out lawyer's letters to one another
- do things as simply as possible
- implement good communication methods (billboards, newspaper, etc.)
- have democratic leadership
- connect to the network to obtain information and resources
- avoid extending privileges to certain persons
- come down on members who shirk their obligations
- involve members in searching for solutions and making decisions
- make use of sponsorship to apply competencies acquired through training and stimulate self-confidence
- tolerate errors
- value members who get involved
- ensure that there is sufficient funding for continuous training in the budget

## 3.5 Necessary Competencies

- democratic leadership
- ability to achieve self-empowerment
- ability to learn and apply quickly what has been learned.
- basic management competencies
- ability to convey knowledge, know-how and attitudes
- knowledge of agreement (with the subsidizing organization)
- some positive and constructive attitudes (tolerance, the desire to get involved, good listening, perseverance)
- understand what the project is about
- technical competencies
- critical and global thinking (establish links between macro and micro)

- have a good understanding of what you are getting into
- group animation
- information management within the cooperative
- ability to obtain information from the outside
- some legal knowledge, especially regarding the powers of the board of directors and the general membership
- ability to work in teams
- ability to rally other members to take part in decisions
- ability to function in a group
- willingness to get involved and open-mindedness
- some basic knowledge of psychology (e.g., Maslow's hierarchy of needs), group psychology
- consult with members regularly
- ability to evaluate operations and how objectives are achieved

# PART TWO:

# FIVE CASES OF PARTICIPATIVE MANAGEMENT

# IN RENTAL HOUSING COOPERATIVES

## The Case of Mr. Jones

**Marie J. Bouchard and Marc Gagnon (1997)***

All members in the Sunny Day Cooperative are complaining about one member, Mr. Jones.

Created under the federal 56.1 program, this cooperative dates back 17 years and has 15 units. The rents are substantially below market rates. For example, the cooperative rents a 4½ for $300 a month, while a comparable unit goes for between $450 and $550 on the private rental market. However, slapdash renovations were done 17 years ago to provide people with quicker access to their units. Today, the buildings are in pitiful condition, and numerous repairs have to be made. The impending expenses mean that the rents probably will have to be significantly raised in the coming year.

Aside from the board of directors, there is a maintenance committee, a finance committee and a new member selection committee. Each of the committee coordinators automatically sits on the board of directors. Participation is relatively good, but has dropped off both numbers-wise and quality-wise in recent years. Several members have attributed this reduced participation to Mr. Jones's presence.

Mr. Jones is a founding member and has been looking after the bookkeeping since he has lived in the cooperative. He has done an excellent job, and no one questions his integrity. Some members claim that Mr. Jones looks after the cooperative "as if it belonged to him". He is very particular and demands a lot of himself and others. He communicates with others in a very negative and aggressive fashion. He always finds a way to dish out some stinging criticism in an unpleasant and moralizing tone of voice. Moreover, he goes into lengthy explanations and dwells on numerous details. He is always sure he is right and never bothers to understand the viewpoints of other members. When someone expresses disagreement and does not back down, "he takes it as a personal attack".

Most members are exasperated with Mr. Jones's presence. No one wants to work on the same committee as him. Moreover, several members have resigned from the committee in recent years, claiming that they could no longer put up with Mr. Jones. Several persons in the cooperative are very irritated at the bureaucratic style that Mr. Jones has imposed on the cooperative.

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People would like things to occur in a more convivial and spontaneous fashion. Others, however, admit that he has brought in a certain thoroughness which has benefited the cooperative. "We know the finances are being well managed, and we know where we're going," said one member.

The consequences of Mr. Jones's presence on the atmosphere and operations are quite obvious according to certain members. Attendance at general meetings, which have been increasingly stormy, has been declining. No one wants to work on the finance committee. Therefore, the cooperative is depending on just one person to look after the finances, Mr. Jones himself. Moreover, since the finance committee coordinator automatically sits on the board of directors, Mr. Jones is almost always appointed treasurer of the cooperative. Board meetings are often tedious and the atmosphere is quite tense. Because of this, very few members want to sit on the board. Several members also claim to be turned off by Mr. Jones's presence.

Last March, a very good member of the Sunny Day housing cooperative, Mr. Smith, sent a letter to the board of directors to advise that he was resigning as the maintenance committee coordinator and that he was looking for accommodation in another cooperative. He could no longer stand Mr. Jones. All the members of the cooperative were saddened by the news, as Mr. Smith was a very good neighbour and took an active part in the cooperative's activities. His knowledge of construction was particularly valuable given the forthcoming renovations.

Following this resignation, the members of the board, including Mr. Jones, got into a very heated discussion. Mr. Jones was told once again that a member is thinking about leaving the board because of him. "There have been at least four who have resigned from their committee because of you," he was told. "You're always trying to pin the problems on me," he shot back. "Anyways, all Albert Smith did was whine all the time. I'm glad to see him go. And furthermore, if you're going to sit there and keep accusing me of this and that, I'm outta here!" blurted Jones, who stormed out of the meeting.

Once Mr. Jones had left, the other members discussed the situation. Some admitted that he wasn't easy to get along with, but he was the only one who could look after the books. They also added that, "we're not about to give him the boot". The others all said that the situation was out of hand and that Mr. Jones was considerably undermining the atmosphere of the cooperative and the cohesiveness of the members. They also thought that Mr. Jones would have to be expelled, because the cooperative will experience difficulties as long as he is there. "With all the work that we have to restore our buildings and the rents which will soon be much higher, we cannot afford to keep Mr. Jones. If we do, all the members will resign!" argued one of them. Another replied, "Even if we agreed to expel him, what grounds would we use? After all, Mr. Jones is an excellent tenant, and he fulfills all his member obligations. We're gonna look like fools in the eyes of the *Régie du logement* [rental board] . . ."

24

# The El Cheapo Cooperative

**Marie J. Bouchard and Marc Gagnon (1997)***

The El Cheapo cooperative is beset by a worrisome problem. Several members of the cooperative have not been paying their rent for months, and some have gone longer than a year. No one seems to be too perturbed by this situation, because very few are aware of it, except for the treasurer who is the only one who looks after collecting the rents. But her rent too has been in arrears for more than a year! No one else wants to collect rents and look after the finances. Everyone trusts the treasurer. Moreover, at general meetings, no one understands the accountant's explanations of the financial statements. There is no concern as everyone trusts the treasurer.

Relations between the members are very friendly. About six parties or other leisure activities are staged each year. For example, they go to the sugar bush every spring. Neighbours often do one another favours. The atmosphere is very friendly. Almost all new members chosen when a unit became vacant were friends of members of the cooperative.

Little is said about finances or maintenance. Everyone tries to main good relations with other members. Most of the members hate figures and administration. Moreover, people do not want to interfere with the work of the treasurer and the maintenance coordinator "who are doing such a good job".

No one in the cooperative is complaining about the level of participation in the cooperative management activities, even though it is relatively low. A few persons look after finances and maintenance on their own. There is one chore a year in which about one third of the members take part. The selection, finance and maintenance committees meet twice a year. The board meets about four times a year. Moreover, it is always very difficult to reach a quorum at the annual general meeting. Some members have not participated in any way in the cooperative's activities for years, and the board has not taken any action, because no one has ever complained.

One day, the treasurer suddenly left the cooperative, taking with her several thousand dollars that she managed to withdraw from the cooperative's credit union account. The cooperative found itself with an accumulated deficit of $20,000. The members were flabbergasted and could not understand how their chum could have done such a thing.

Some said that she attempted to resolve her financial problems temporarily by dipping into the cooperative's coffers but was unable to repay the money she had "borrowed" without asking. The treasurer may therefore have left the cooperative, because she was ashamed to admit to her mistake. After discussing the matter, the members decided not to take legal action against the former treasurer.

Immediately after the treasurer left, CMHC[8] stepped in and threatened to put the cooperative under trusteeship. This came as a jolt to some of the members. They felt that they were going to lose their housing that they were quite fond. At a general meeting, a small group got themselves elected to the board of directors, promising to straighten out the cooperative's situation. Four of the five new directors had been members of the cooperative for less than two years (some had to wait up to 5 years before they could obtain housing in the cooperative).

The El Cheapo Cooperative, of the 34.18 type[9], was founded in 1978 and consists of 20 units. The cost of the units is now about 50% of the average market rent. The buildings are in relatively good condition as they were completely renovated in 1978 thanks to several renovation grants and because they were very well maintained during the first 10 years that the cooperative was in existence.

The members who decided to take things in hand managed to put together a financial recovery plan by temporarily increasing rents by $60 a month over a 20-month period. Most members were dissatisfied with this situation. Several members even said they would like to leave the cooperative because of this. Some said that this increase was sudden and arbitrary. There could be other less drastic ways of resolving the issue. For example, a loan could be taken out with a bank and the payments spread out over a few years so as not to disrupt the budgets of the occupants. The proposed measure was perceived as a "penalty" levied on the more long-standing occupants by the newcomers. There was a feeling that the former were responsible for the latter enjoying renovated units in return for relatively low rents!

The board also implemented preventive measures to prevent fraud. For example, the maintenance committee could not spend more than $500 without asking the board for permission. The maintenance committee coordinator was furious at this measure he found was abusive, as it denied him the leeway he needed to do his job. After all, was it his fault the cooperative was "in the hole"? Other measures taken were seen as "bureaucratic abuses". Members who were now late with their rent were automatically fined $20 and if

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[8] Canada Mortgage and Housing Corporation (CMHC) monitors housing cooperatives under the terms of the agreement that requires these cooperatives to meet specific obligations.

[9] Section 34.18 of the National Housing Act is the first federal program from which the development of rental housing cooperatives benefited.

they did not pay their rent by the 20th of the month, legal action would be taken against them before the *Régie du logement*. No other arrangements could be made.

Some members did not like the style of the new board members who took several training sessions offered by the regional housing cooperatives federation. They felt sure of themselves and rigorously applied what they had learned.

This bothered several members, especially the founding members who still lived in the cooperative. "Who do you think you are? You've just joined the cooperative and already you want to take control! You weren't here at the beginning when we went through all these renovations, when we went months in the dust. You are making life intolerable in the cooperative with all of your regulations. We can't do anything anymore without asking for permission in writing! We got along fine before. The atmosphere was friendly and people were given a chance when they had trouble paying their rent. Sure, there were problems, but there is surely another way of resolving them other than monitoring everyone all of the time!"

The newcomers replied that all members are equal, regardless of how long they have been with the cooperative. "There aren't several categories of members. And besides, look what happened to the cooperative's finances with the hands-off approach. It was a disaster! So don't criticize us for wanting to straighten things out!" replied a woman who had just joined the cooperative.

There are now two groups in the cooperative, each holding fast to their positions. Some members are even campaigning to remove the members of the current board at the next general meeting. However, none want to run for election to the board of directors.

# The Smooth Agreement

**Marie J. Bouchard and Marc Gagnon (1997)\***

The Smooth Agreement Cooperative was once again wrestling with a decision. This time, it involved the landscaping of the yard. Some members, including those with children, wanted to fit up a space for children with a sandbox, swings and games. Other members were opposed to the project and were more in favour of putting in a garden, as they feared that a playground would make for more noise and attract children from the neighbourhood. They said there was a park nearby where the children could play.

Eleven (11) of the twenty (20) units are occupied by single persons or childless couples and nine (9) by families. Every time a decision has to be made, members cannot agree on a mutually satisfactory decision, which means votes are held most of the time to decide. The vote is always very divided such that almost one half of the members, families most of the time, are dissatisfied with the decision. Moreover, discussions which take place when decisions are made are always very long and often quite emotional.

On this particular issue, the board took several courses of action to try to find a solution that could satisfy all of the members. It first surveyed them to find out what they thought. The maintenance committee was then asked to examine the various scenarios with the pros and cons in terms of cost and feasibility. This created an excessive workload for the maintenance committee which claimed to be swamped already.

After all these steps had been taken, the proposal was submitted to the general membership. But, once again, the members argued for hours before resigning themselves to taking a vote. As usual, the atmosphere at the general meeting was very tense and stormy. At one point, voices got louder and someone submitted a proposal that the cooperative only accept families with children from now on. No one dared to second the motion, but it caused endless debate. A member even submitted a "counter-proposal", indicating that he would like to live in a cooperative with no children. The meeting had to be adjourned to another weekend.

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The board usually submitted only the most important proposals to the general membership on account of the difficulty in making decisions in this setting. Because of this, members of the board acquired a reputation for being "dictators". It should be pointed out that the same people almost always sit on the board because no one else is interested.

The chairperson, though very democratic, is dynamic and very effective at problem solving. She sometimes becomes exasperated at the length of the debates and the inability to come to an agreement. Moreover, when members have a problem, she is the one they call. She always tries to resolve the problem herself. Most members like her a lot and are happy that she is there to deal with the problems, but some criticize her for wanting to run the cooperative and precipitating decisions.

At the last general meeting, members criticized the board for making decisions during the year without consulting the membership. The board members defended themselves by saying that, "we're not going to call a general meeting every time a decision has to be made. The two annual meetings are long enough as it is!" However, some members replied, "what's the use of belonging to a cooperative if we don't take part in the decision-making process?"

## The Welcome Home Cooperative

**Marie J. Bouchard and Marc Gagnon (1997)***

Founded in 1990, the Welcome Home Cooperative is an ILM[10] cooperative consisting of 26 units located in an underprivileged neighbourhood. One quarter (1/4) of the units are directly subsidized. Tenants in subsidized units pay 25% of their monthly income towards the rent and the remainder is assumed by the government. For example, someone earning $1,000 a month would pay a monthly rent of $250 on a unit normally going for $500. The subsidy would cover the remaining $250. The other units are rented at a price roughly equivalent to the average rents charged for comparable units in the same neighbourhood.

Every year, 8 to 10 members leave the cooperative. Most of the time, they are unsubsidized unit tenants who say they want to leave because they realize that they will never obtain a subsidized housing unit, since these units do not become available quickly enough. They also say that it is not worth living in a cooperative when you have to pay a rent equal to the rates charged for private units, where tenants do not have the responsibilities of an owner, nor do they have to do chores or attend committee meetings.

Moreover, it is always quite difficult to rent all the units every year. The cooperative even has to offer two rent-free months to attract new tenants. Because of this, the cooperative's financial reserves are practically dry. This year is particularly difficult as, in September, there is a unit that still has not been rented.

To find out how to reduce the turnover rate, members of the board turned to their regional housing cooperative federation. The federation management counsellor proposed to them, among other things, to try to make it easier to bring in new members. As a first step, the counsellor suggested that they reflect on how members are brought into the cooperative.

The board then decided to hold a special general meeting to discuss this issue by asking members who had joined the cooperative during the past two years to say how they were brought in.

[10] An index-linked mortgage (ILM) is the name given to the Federal Cooperative Housing Program (in force since 1984).

One of the members had the following to say: "The first time I met members of the cooperative was at a party organized near the end of the summer vacation. The only persons I knew were on the selection committee. No one introduced me and I did not even know who the other new members were. A few came up to me and welcomed me to the cooperative. After that, I moved into my unit. At the selection interview, it was explained to me how I was to pay my rent, and I was informed that an NSF cheque would carry a $20 fine. I was also informed of the rules and procedures. One of the members pointed out that "putting garbage cans out before 6 p.m. was strictly prohibited". I was then asked whether I wanted to take part in the finance committee. I answered yes. I was given the phone number of the person in charge and told to call him. That's how I was brought into the cooperative."

During the ensuing discussion, some members also mentioned that they had felt left on their own. They had to scrounge around for information on how the cooperative worked. Some claimed that they were very disappointed, as they expected more help and solidarity from the members of the cooperative. They deplored the fact there were no collective projects and that everyone was off doing their own thing. They also found it difficult to find out what was happening in committees other than the one they were on. One person even complained that he had been forced to work on a committee that did not interest him in the least. Others complained about not knowing what was happening with the board of directors. They said that they were under the impression that the cooperative was controlled by a small clique that sought to maintain its power. Moreover, some did not understand why they had to pay partnership shares nor why only one quarter of the units were subsidized.

For several members, the current method of operation did not pose any problems. They claimed that they came to the cooperative simply to find suitable housing at a reasonable price. Persons are free to decide how much they want to participate. Also, the members must trust the other members of the cooperative. "Just because I don't know everything is not to suggest that things are not going well". Other members strenuously objected to this viewpoint, as cooperative living was their main reason for joining the Welcome Home Cooperative.

Following this discussion, the members of the board claimed that they were very surprised to hear such comments. They would never have thought that the process of bringing new members on board was so poor, nor would they have believed that members were so dissatisfied. They did say, however, that they would try to improve the situation, as they could not continue to lose nearly a quarter of their members every year and they could not afford to have any vacant units. But they did not know how to go about rectifying the situation. It was then proposed that the management counsellor from the regional federation be invited over to suggest some courses of action.

# A Window on the Future

**Marie J. Bouchard and Marc Gagnon (1997)\***

## Case A

During the annual general meeting of the Future cooperative, a spirited discussion broke out when the board proposed that rents be raised by 10%. The board explained that the increase was needed to change the windows which had already begun to rot. The members, though, disagreed strongly with this increase. "How is it that all of a sudden our rents have to go up?" asked one man. "If we had maintained our windows better, we would not be required to change them today" chimed in another. One of the members on the maintenance committee replied, "You're right, the windows did have to be maintained, but no one turned out to the window painting sessions which had been organized." Another member on that committee added, "It's always the same ones who do everything. There's a whole slew of people who never do anything! That's why we don't manage to do everything we should," added another member of the maintenance committee.

"It makes no sense at all that some members do their share and others have to scramble to administer and maintain the cooperative," said one. Another replied, "Yeah, and they've always got good excuses such as 'I haven't got time right now'. The only thing is that 'right now' never ends." "We're all quite busy, but we make it a point to participate! All that those people who don't have time can do is go live somewhere other than in a cooperative. We don't need deadwood!" remarked another. "We end up doing the work they don't do," echoed another member.

The board, however, felt powerless in this situation. "We certainly aren't going to be policing matters. We've got other fish to fry," said Louise the chairperson. Andy, the treasurer, said, "First of all, how are you so sure these people aren't participating? Do you have any evidence? To my knowledge, we're not taking attendance! In any event, what's past is past. Today, the windows have to be replaced. Does someone support the board's proposal to replace the windows by increasing the budget, and therefore the rents, by 10% for next year?"

However, the discussion swung back to the issue of participation. Some members sought to moderate the debate and said that a system had to be implemented to monitor participation. "We should have specific participation requirements that members would have to meet when they sign their member contract." Another person added, "For things to work out, I believe that members who don't do their share should face sanctions."

Louise, the chairperson, indicated that using an attendance record that members had to complete had already been tried. This practice was quickly discontinued because people would lose the record or they had to be called several times before they would turn it over to the persons in charge. Moreover, several members criticized this record, which they saw as being a form of bureaucratic control. Moreover, even when it was noted that a member was not participating enough, the board never dared to suspend or exclude a member. "It's easy to imagine regulations and controls, but it takes guts to enforce penalties and end up being hated by your neighbour!" said Mark, the secretary.

One member shot back, "Oh, come on now! Everyone knows who isn't participating! You'd think they don't know they're working in a cooperative. They don't know the cooperative belongs to us and that's why we've got to look after it," said another. "Yeah, they think they're regular tenants and all they've got to do is pay their rent. Wouldn't that be just great if everyone did that? What would the cooperative look like then? It's always the same people who get involved," one member stated. "If it continues, a lot of good members will get fed up working for those exploiters. As far as I'm concerned, if things don't change, I'm not participating any more!" blustered another.

Other members attributed some of the non-participation to poor organization of maintenance activities performed by members. "Most of the time, the chores are so poorly organized that no one knows what to do. For example, once people show up, there are often no tools to do the job," complained one member. "This does not encourage members to show up for chores, because they know that they will end up wasting their time," said another member. "Even worse is the fact that we work under clearly dangerous conditions because we don't have the right equipment!" claimed one frustrated member. "Yeah, talk about organization! It's not just the chores. Most of the committees are just a mess. The meetings are nothing more than gabfests! Some committees don't take minutes. How do you expect members to be interested in taking part under those conditions?" pointed out another.

Seeing that time was getting on and that voices were becoming increasingly strident, the chairperson motioned for adjournment. The motion was seconded and the members went home.

## Case B

Members of the Future cooperative resumed discussion at the following meeting. Andy, the treasurer, described the situation. "What it boils down to is this. Whatever the cause of our predicament, the reality is that the windows have to be changed. It's either that or we'll continue to freeze next winter and the heating will end up costing us a fortune." Another person replied, "Isn't there some other way of paying for the windows rather than paying them through a rent increase over just one year? After all, it took us about 30 years if not longer for them to wear out. Why pay them off in only one year?"

"I believe a portion of the cost of the new windows could be financed by our replacement reserve. Of course, that would mean that we would again have to ask CMHC for permission. But I think we would get it," indicated Micheline, the former treasurer. Another member said that "we could run a deficit and make up the difference with money that's been gathering dust in the general reserve." Another member blurted, "What! We've got money in the bank and they're proposing to raise the rents? I propose that they be reduced." Micheline explained that the general reserve cannot be depleted, since it is there to protect us from eventual hardships or contingencies. The replacement reserve is there to pay for the major structural work such as windows. At least, that's what she believes. The expenditure will have to be approved by a CMHC project officer. "We're gonna waste our time," sighed Louise. "Look what happened the last time. They asked us a slew of questions about our financial statements, only to realize, after the fact, that we were right in presenting them the way we did. As far as I'm concerned, the less I see of CMHC, the better!" Another member asked, "Why can't we simply go to the credit union and borrow what we need. We could guarantee the loan with a second mortgage and write down the expenditure over a longer period. That way, we wouldn't have to raise our rents in one fell swoop. If you're talking 10%, I quit."

Someone then said, "Lookit; it looks as if neither the maintenance committee nor the finance committee are doing squat. How come we're all here at a general meeting deciding on proposals that haven't been prepared by anybody? I've got other things to do!" A member replied, "I'd really like to see you on the finance committee! Come on and spend the three hours that we've just put in here, not one, but three nights last week preparing the financial statements!" "And besides, where were you when we did the chores the last time?" said another.

To avoid having the meeting take a turn for the worse, the chairperson proposed that the meeting be adjourned once again. She suggested that, next time, a federation counsellor be invited to take part in the debate. The members approved and left the meeting room.

# PART THREE:

# METHODOLOGY

## 1. Key Informants[11]

We met with ten key informants to find out more about housing cooperative management problems and to gather information that would enable us to develop interview outlines to poll the members of cooperatives. These persons were selected for their experience in working with Quebec housing cooperatives and for their recognized ability[12] in analyzing cooperative-related problems in the housing sector. Some also enabled us to get in touch with cooperators to conduct interviews. Finally, we asked some of our key informants to validate the cases.

The key informant interview outline[13] was designed to collect data on:

- the various types of difficulties experienced by housing cooperatives;
- the skills required to take over the management of a housing cooperative;
- sound preventive management practices; and
- empowering practices.

## 2. Cooperators

We designed two interview outlines to understand the empowerment processes in RHCs. One outline was intended to determine the factors that favour the greatest success in dealing with the major challenges of cooperative management (see section 3) and the other aimed to identify the factors that can lead to management difficulties.

### 2.1 Cooperative that is having great success in dealing with one of the five challenges

One of the two outlines[14] was designed to interview the members of a cooperative that is enjoying great success with regard to one of the five challenges or that, in general, has been identified as following "sound preventive management practices". The purpose of the outline is to identify the management practices and strategies aimed at meeting one of the five challenges. The interview serves either to focus on just one of the five challenges so that it can be explored to the greatest extent possible or to define general sound preventive management practices as they relate to several of these challenges.

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[11] For ethical reasons, we are not disclosing the names of our key informants.

[12] The key informants were persons who have worked in a professional capacity or as consultants with Quebec rental housing cooperatives.

[13] See Interview outline #1 at the end of this section.

[14] See Interview outline #2 at the end of this section.

## 2.2 Cooperative that is having specific problems in dealing with one of the five challenges

The other interview outline[15] is used in cooperatives that have experienced specific problems with regard to one of the five challenges. The aim is to identify, in relation to the challenge concerned, a sequence of situations or actions with respect to the structures, communication, authority management, project implementation, values and services or activities.

# 3. Sample

To gather the data required for our research, we designed our sample based on:
1. the management fields to be covered and three types of difficulties;
2. the five challenges cited previously (see section 3)

Moreover, since our objective is to identify factors that favour or inhibit member integration and empowerment, we have divided our population into two types of cooperatives: those which have had great success with one of the five challenges and those which have encountered difficulties with one of the challenges.

### 3.1 Management fields to be covered

The four management fields and the three times during which difficulties can emerge are summarized in Table 5 below.

As this has created 12 permutations, our sample could have consisted of 12 cooperatives possessing the characteristics of each one.

### 3.2 The five challenges that emerged from the interviews with the key informants and their consequences on the development of the sample

To identify the management practices that promote or inhibit the integration and empowerment of members, our sample should include:
- five cooperatives that have enjoyed great success with respect to each of the five challenges; and
- five cooperatives that have had difficulties with each of the five challenges.

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[15] See Interview outline #3 at the end of this section.

### Table 5:
### Sample for Management Fields and Types of Difficulties

| Management Fields:<br><br>Types of difficulties (or times when difficulties are encountered) | Real Estate Management (RE) | Relations Management (R) | Financial Management (F) | Mission Management (M) |
|---|---|---|---|---|
| Difficulties experienced during implementation (I) | IRE Cooperative | IR Cooperative | IF Cooperative | IM Cooperative |
| Difficulties experienced when renewing the membership quickly (R) | RRE Cooperative | RR Cooperative | 1 RF Cooperative | RM Cooperative |
| Difficulties experienced during a traumatic event (E) | ERE Cooperative | ER Cooperative | EF Cooperative | EM Cooperative |

### Table 6: Sample Based on Management Challenges

| Challenges:<br><br>Cooperative characteristic: | Challenge 1 (satisfaction) | Challenge 2 (commitment) | Challenge 3 (relations) | Challenge 4 (democracy) | Challenge 5 (finances and real estate) |
|---|---|---|---|---|---|
| Cooperative meeting the challenge effectively | S+ Cooperative | C+ Cooperative | R+ Cooperative | D+ Cooperative | FRE+ Cooperative |
| Cooperative experiencing difficulty in meeting the challenge | S- Cooperative | C- Cooperative | R- Cooperative | D- Cooperative | FRE- Cooperative |

With a sample like this one, our intent was to update, for each of the housing cooperative types:

- the management practices implemented to enable the cooperative to enjoy success with respect to one of the five challenges; or
- the management practices that hinder the effective performance of the cooperative with respect to one of the five challenges.

38

## 3.3  Theoretical sample

Our theoretical (or ideal) sample could be described on the basis of the categories established in Tables 5 and 6, i.e.:

- the management fields to be covered;
- the types of difficulties encountered (or the times when they were encountered); and
- one of the five challenges that the cooperative meets or does not meet.

When Tables 5 and 6 are combined (Table 7 below), we end up with a double characterization of each of the cooperatives.

### Table 7:  Table 5 and 6 Composite

| Management Fields and challenges: | Real Estate Management (RE) Challenge 5: Finances and Real Estate (FRE) | Relations Management (R) Challenge 3: Relations (R) | Financial Management (F) Challenge 5: Finances and Real Estate (FRE) | Mission Management (M) Challenge 1: Satisfaction (S) Challenge 4: Democracy (D) Challenge 2: Commitment (C) |
|---|---|---|---|---|
| **Types of difficulties (or times when difficulties are encountered)** | | | | |
| Difficulties experienced during implementation (I) (+ or -) | IRE Cooperative /FRE+ or /FRE- | IR Cooperative /R+ or /R- | IF Cooperative /FRE+ or /FRE- | IM Cooperative /S+ or /D+ or /C+ or /S- or /D- or /C- |
| Difficulties experienced when renewing the membership quickly (R) (+ or -) | RRE Cooperative /FRE+ or /FRE- | RR Cooperative /R+ or /R- | 1 RF Cooperative /FRE+ or /FRE- | RM Cooperative /S+ or /D+ or /C+ or /S- or /D- or /C- |
| Difficulties experienced during a traumatic event (E) (+ or -) | ERE Cooperative /FRE+ or /FRE- | ER Cooperative /R+ or /R- | EF Cooperative /FRE+ or /FRE- | EM Cooperative /S+ or /D+ or /C+ or /S- or /D- or /C- |

Each of the cooperatives in the sample can therefore be ranked on the basis of all the variables included in our research. A cooperative will therefore be identified by a three-letter identification code followed by a + sign or a − sign, where:

- the first letter represents the **type of difficulty or the time when the difficulty was encountered**;
- the second letter represents the **management field**;
- the third letter represents the **challenge**;
- the + sign means the **cooperative is meeting the challenge effectively**; and
- the − sign means the **cooperative is experiencing difficulties in meeting the challenge**.

For example, a cooperative whose members had experienced relations problems during the implementation phase is an IR/R- cooperative. On the other hand, a cooperative that had great success in this area will have an IR/R+ rating.

| 2 letters in Table 5 | letter followed by a + or a − in Table 6 |
|---|---|
| **IR** | **/R+** |
| | **or /R-** |

The sample also had to include a certain number of organizations identified as being able to meet the challenges posed by cooperative management in this particular area of activity.

## 3.4 Actual sample

The sample we have just identified is the theoretical or ideal sample. However, some constraints made it difficult to achieve our objectives. In fact, since the parties questioned were more familiar with the cooperatives that were having difficulties, cooperatives meeting one of the five challenges effectively would be difficult to identify. The other major constraint was that some cooperatives had not yet met one of the challenges of interest to us or else refused to take part in our survey.

In order to limit our travel and living expenses, 50% of the cooperatives in the sample are located in Québec and the other 50% in Montréal.

We consulted the key informants to obtain the particulars of cooperatives that matched our theoretical sample. In fact, the sample included more cooperatives that had experienced difficulties than cooperatives that had had great success.

The following is a list of housing cooperatives identified by the key informants in Québec and in Montréal.

**Table 8: Sample**

| Cooperative[16] (program) | Number of Units | Identification Code* | | | | Informant |
|---|---|---|---|---|---|---|
| | | Time | Field | Challenges | Success | |
| Cooperative No. 1 (PIQ) | 19 | E | R | /R | - | Informant A |
| Cooperative No. 2 (ILM) | 14 | I | RE | /FRE | - | Informant A |
| Cooperative No. 3 (56.1) | 32 | | M | /C | + | Informant A |
| Cooperative No. 4 (56.1) | 32 | | M | /C | - | Informant A |
| Cooperative No. 5 (34.18 and PIQ) | 13 | | M | /D | + | Informant A |
| Cooperative No. 6 (ILM) | 40 | | R | /R | - | Informant A |
| Cooperative No. 7 (PIQ) | 19 | | R | /R | - | Informant A |
| Cooperative No. 8 (56.1) | 43 | | M | /C | + | Informant B |
| Cooperative No. 9 (56.1) | 20 | | R | /R | + | Informant B |
| Cooperative No. 10 (56.1) | 45 | | R | /R | - | Informant B |
| Cooperative No. 11 (56.1) | 23 | E | RE | /FRE | - | Informant B |
| Cooperative No. 12 (56.1) | 10 | E | RE | /FRE | - | Informant B |
| Cooperative No. 13 (ILM) | 24 | E | M | D | - | Informant C |
| Cooperative No. 14 (ILM) | 38 | E | F | /FRE | - | Informant C |
| Cooperative No. 15 (34.18) | 12 | E | F | /FRE | - | Informant D |
| Cooperative No. 16 (34.18 and 56.1) | 16 | E | M | /C | - | Informant D |

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[16] For ethical reasons, we wish to maintain the confidentiality of the names of the cooperatives and respondents provided to us by the key informants.

## * Identification code legend

| Times (Types of difficulties) | Management fields | Challenges (from key informants) | Success |
|---|---|---|---|
| I = During implementation<br>R = When renewing the membership quickly<br>E = During a traumatic event | RE = Real estate<br>R = Relations between members<br>F = Financial<br>M = Mission | S = Satisfaction<br>C = Commitment<br>R = Relations<br>D = Democracy<br>FRE = Finances and real estate | + = Cooperative meeting one of the five challenges<br><br>- = Cooperative having difficulties in meeting one of the five challenges |

## 3.5 Interview outlines

### Interview outline #1: KEY INFORMANTS

### 1. Difficulties experienced during the implementation of a project

1.1. In what management areas were you able to observe difficulties during the implementation of a cooperative project, and what types of difficulties were encountered?

1.2. Based on your experience, what are the causes of the difficulties experienced during the implementation a housing cooperative project?

1.3. To your knowledge, what corrective actions were taken?

1.4. What were the results of these corrective actions?

### 2. Difficulties related to the rapid or major renewal of the membership

2.1. In what management areas were you able to observe difficulties related to the renewal of the members of a cooperative, and what types of difficulties were encountered?

2.2. Based on your experience, what are the causes of these difficulties?

2.3. To your knowledge, what corrective actions were taken?

2.4. What were the results of these corrective actions?

### 3. Difficulties resulting from a traumatic event affecting the organization

3.1. In what management areas were you able to observe events that traumatized a cooperative, and what types of difficulties were encountered?

3.2. Based on your experience, what are the causes of such traumatic events?

3.3. To your knowledge, what corrective actions were taken?

3.4. What were the results of these corrective actions?

### 4. Competencies required to take over the management of a cooperative

4.1. In light of your housing cooperative experiences, what competencies must members demonstrate when taking over the management of their organization?

List of competencies required to manage a housing cooperative:

- Develop and maintain a vision of collective action.

- Evaluate the short-, medium- and long-term needs of the business.

- Arbitrate between the collective and individual needs of the group of persons.

- Understand and manage relations between members.

- Provide adequate doses of leadership and individual initiatives.

- Evaluate the training needs of members, managers and executives.

- Understand and manage relations with the environment (the community, the construction sector, financial institutions, the various public sector corporations, the cooperative network).

- Encourage and manage participation.

### 5. Sound preventive management practices

5.1. Do you know of a housing cooperative that you feel to be a model example of sound preventive management practices?

5.2. In your opinion, what preventive management practices are likely to facilitate the integration of new members and the taking over of the management by the members?

5.3. Have you observed, in a cooperative that follows preventive management practices, any strategies that allow for the effective integration of the new members?

5.4. In your view, what are the key components of preventive management in a housing cooperative?

## 6. Empowering Practices

### Education
6.1. What is the role of training in the taking over of the management of a housing cooperative by its members?

### Leadership
6.2. What type of leadership is likely to favour the taking over of the management of a housing cooperative by its members?

### Mentoring
6.3. Is mentoring (or sponsorship) an effective way of transmitting the knowledge, know-how and behaviours required to take over the management of a housing cooperative?

### Tooling
6.4. What kind of leadership is likely to favour the taking over of the management of a housing cooperative by its members?

### Structuring
6.5 What structures (regulations and policies) can be implemented to facilitate the taking over of the management of a housing cooperative by its members?

### Self-Actualization
6.6 How can management practices favour self-actualization among the members of a housing cooperative?

### Communication
6.7 Which communication practices can favour integration and the taking over of the management of a housing cooperative by its members?

**Interview outline #2: COOPERATORS – SUCCESS CASES**

Note:   Some of the following questions are intended to be general; they are used as a guide for the person conducting the interview and are to be reformulated into specific and explicit questions as the interview unfolds.

## 1.  Meeting the needs of members

Possible questions

What is the cooperative doing to ensure that members are satisfied with their housing conditions, their living environment and the management of their organization?

What are the most frequently cited sources of dissatisfaction by members?

When the cooperative experiences difficulties, how is the search for solutions conducted?

## 2.  Creating and maintaining a sense of belonging, commitment and participation among members

Possible questions

What happens when the cooperative accepts a new member?

What information do new members receive during the first month?

What training activities do new members attend?

Are new members sponsored? If so, what is the role of the sponsor?

How are the responsibilities and tasks distributed?

What tools (guides, checklists, etc.) are available to members to do their work?

## 3. Creating and maintaining good relations between members

Possible questions

What means are used to circulate information?

What kind of information is disseminated?

Are conflicts between members frequent?

What is done to identify or prevent conflicts between members?

When there are conflicts between members, how are these conflicts resolved?

How are members consulted? How often and why are members consulted?

How does the cooperative make sure that all members feel concerned by the activities that concern them?

## 4. Creating and maintaining a democratic leadership and operation

Possible questions

How are decisions made in the cooperative?

How is leadership practised?

How are powers shared between the board of directors and the committees?

What actions are taken to ensure successors for the board of directors and the committees?

What practices are followed to ensure the transparency of the board of directors and the committees?

## 5. Creating and maintaining sound financial and real estate practices

Possible questions

How are the financial statements presented to members?

How is the budget planning done?

What regulations and procedures are followed to prevent fraud?

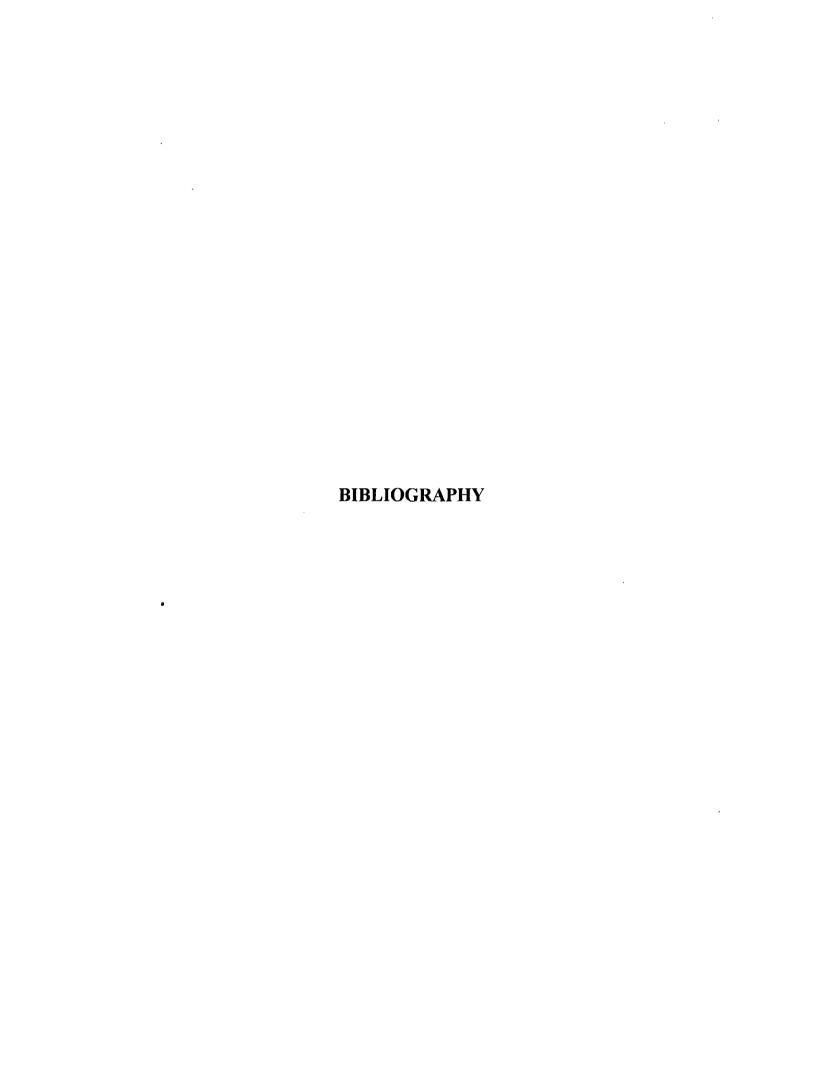How is maintenance work planned?

How is maintenance work organized?

How is maintenance work performed?

How is maintenance work evaluated?

**Interview outline #3: COOPERATORS – PROBLEM CASES**

Note: The interviewer is to use the following outline to retrace the sequence of events and specify the challenges in terms of structures, communication, authority management, the implementation of management practices and services or activities.

| Sequence | Structures | Communication | Authority Management | Implementation | Values | Services or Activities |
|---|---|---|---|---|---|---|
| Causes | | | | | | |
| Effects | | | | | | |
| Consequences | | | | | | |
| Remedial measures | | | | | | |
| Preventive measures | | | | | | |

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