



ETHNOCULTURAL AND NEWCOMER CO-OPERATIVES REPORT



Northern Ontario Research, Development, Ideas and Knowledge






OVERVIEW

This report looks at the growth and benefits of ethnocultural co-operatives in Canada. Ethnocultural communities use co-operatives to preserve their culture, provide education, affordable housing, and health care services, and reduce isolation, language barriers, and financial inequity. Ethnocultural co-operatives face challenges such as low awareness of Canadian co-operative legislation and regulations, linguistic/cultural barriers, lack of funding, and high operational fees.

The report highlights the need for stronger support to facilitate the growth of co-operatives, including financing and funding, as well as co-operative development support from economic development organizations or other co-operatives.



The methodology included outreach to several ethnocultural co-operatives and interviewing three of them to gain insights into the diversity of needs for different ethnocultural co-operatives.

The report also discusses the challenges faced by ethnocultural co-operatives in Canada, including funding issues, administrative/training/technical issues, and challenges with representation and support. The report notes that developing ethnocultural co-operatives face a dual challenge of individual discrimination and organizational exclusion, and that competition for funding often leaves ethnocultural co-operatives with an inequitable portion of support.

The final section shares recommendations and lessons learned for ethnocultural co-operatives such as: funding needs, training and co-operative education, the need for co-operative support systems, and ethnocultural co-operative focus.



INTRODUCTION

‘Ethnocultural communities’ in this report refers to multicultural, people of colour, and newcomer groups. Ethnocultural co-operatives are co-operatives where the majority of members belong to these specific groups. Ethnocultural co-operatives in Canada are an expanding subsector within the co-operative sector. Ethnocultural co-ops strengthen the co-operative sector by diversifying the sector and by bringing more people into the co-operative movement. This report will describe the functioning, goals, and needs of these co-operatives in order to support and facilitate their growth, consequently strengthening ethnocultural communities and organizations as well as the Canadian co-operative movement as a whole.



LITERATURE REVIEW

05

The Canadian Co-operative Association (2012), now known as CMC, explained that ethnocultural communities utilize, and have historically utilized, co-operatives for many purposes, including cultural preservation and community support, meeting social and economic needs that are not met in the capitalist economy, providing education or educational equivalencies, providing affordable housing, aiding with financial and health care services, and more. According to Sornova and Bucklaschuk (2009), a sense of collaboration and community within an ethnocultural group is essential to the integration of ethnocultural communities in Canada. Co-operatives benefit ethnocultural communities by reducing social and cultural isolation, language barriers, and financial inequity (Abumughli, 2019; Canadian CED Network, 2004, 2010; Canadian Co-operative Association, 2012; Corcoran, 2009; Rubenstein, 2008; Sornova & Bucklaschuk, 2009). This improves the co-operative members' quality of life in the short-term by addressing basic economic needs, and over the long-term by meeting cultural and community needs. Co-operatives also allow underserved communities, such as newcomers and other ethnocultural groups that may not be completely integrated into the mainstream Canadian economy, the opportunity to work together with their collective capacities and social, economic, and cultural assets to add to the diversity of organizations and the rich cultural mosaic of Canada.

Ethnocultural communities face disadvantages or challenges when starting or operating co-operatives. These include low awareness of

Canadian co-operative legislation and regulations, linguistic/cultural barriers, lack of funding, high operational fees, and more (Corcoran, 2009; Lamdouar, 1994). In order for the co-operative sector to grow as part of a changing economy and along with changing demographics in Canada due to immigration patterns, ethnocultural co-operatives need stronger support. The Canadian Co-operative Association (2012) reported that a majority of ethnocultural co-operatives (excluding credit unions) were 10 years old or younger and many were in development. Ethnocultural co-operatives are experimenting with viable business models, and some have been sustainable for decades but the formation of co-operatives in newer and growing ethnocultural communities is underdeveloped and requires support. This support can include financing and funding, as well as co-operative development support from economic development organizations or other co-operatives (Corcoran, 2009). According to the Canadian Community Economic Development Network (2004), the co-operative/community members must build a solid foundation through trust, group identity, and proper co-operative and small business training in order to create a strong organization. In additional critical literature on ethnocultural co-ops, Hossein (2020) describes the undercounting of Black community-led organizations particularly Rotating Savings and Credit Associations (ROSCAs) which operate like co-ops. McElhinny (1998) was one of the early authors to point out the need to move away from mainstream co-operative discourse to be more inclusive of ethnocultural women's understanding of co-ops. Lamdaouar (1994) discusses the need to restructure community ethnocultural organizations to fit the co-operative model. The literature on ethnocultural co-operatives is limited and we hope this report contributes partially to filling this identified gap and encourages ethnocultural co-operatives to tell their stories in many different forums to add to the richness of dialogue and evolution of co-ops in Canada.

METHODOLOGY

The total population of ethnocultural co-operatives considered for this report were 90 co-operatives classified as ethnocultural co-operatives by Co-operatives and Mutual Canada. Out of these 90 ethnocultural co-operatives, 64 were reachable by email and received an English and French survey containing demographic questions about the co-operative's history, location, employees, and ethnocultural background/focus. Eight co-operatives responded to the survey for a response rate of 12.5%, including seven English co-operatives and one French co-operative.

Reflecting the long and varied history of ethnocultural co-ops, the co-operatives responding to the survey were formed from 1940 to 2019. The co-operative membership types split evenly, with four being without share capital co-operatives, and four being share capital co-operatives. The co-operative type responses were listed as: consumer co-operative, producer co-operative, worker co-operative, multi-stakeholder co-operative, community co-operative, health co-operative, and predominantly workers' solidarity co-operative. Three of the co-operatives were located in Quebec, three were located in Ontario, one was located in Manitoba, and one was located in Nova Scotia. The leadership of these respondents was similarly varied, with five reporting their leadership was primarily ethnocultural (Russian, Lebanese, newcomers; Finnish; French-speaking; African descent).

Given the broad diversity of ethnocultural co-operatives, the remaining focus of the report focuses on deeper insights from interviews which demonstrate the variety and diversity of needs for different ethnocultural co-operatives. Three ethnocultural co-operatives were interviewed (two in English, one in French). A fourth co-operative was interviewed but was not included in the analysis since they were more of a 'cultural' co-operative than an ethnocultural co-operative as defined at the beginning of this report. Among the interviewed co-operatives, two were housing co-operatives, and one was consumer co-operative that has some real estate investments but does not provide housing to its members, as described later in this report. The co-operatives interviewed spanned across three provinces in Canada. For privacy reasons, the co-operatives interviewed are referred to by generic names: Co-operative 1, Co-operative 2. This privacy protection enabled the co-operatives to speak freely and highlight issues without any risks. Co-operative 3 provided their name for use in the report and is listed by their name Chilean Housing Co-operative.



BENEFITS AND IMPACTS

One important aspect that all interviewed co-operatives shared was the positive impact that they had on their members and community. Whether this impact was financial, social, or cultural, the overarching sentiment was that the most important result was the creation of a community that could experience betterment together. Co-op 2 was proud that it provided 50 families of an ethnic community with consumer services.

Chilean Housing Co-operative, whose founding members all immigrated to Canada from the same South American country, attributed the biggest success of the co-operative to “the ability of creating a new family with the members, apart from your family/country of origin” and “being able to govern our own destiny”. Co-op 1 expressed that for many families, the co-operative was the reason for elevation of socio-economic status:

“Families come to this country and this co-op helps them to have a home and to integrate more easily in Quebec, to work or to go back to school without having to worry about exorbitant rent because it is controlled. There are people who have left the co-op after only 5 years because they found a job and had the opportunity to increase their wages. This [the co-op] is a huge support”.

A housing co-operative provides a stable environment for the residents, the majority of which are newcomers, to gradually integrate into Canadian society. Due to the diverse and multicultural mix of families within the co-operative, including newcomers of various ethnocultural groups and non-newcomer Quebecers, Co-op 1 said that “children grow up together, share and form a real community”. Co-op 1 and Chilean Housing Co-operative interviewed provided space and support for local community events, therefore providing benefits to the local community that extend beyond the benefits to members and strengthen local communities.

The ability to provide safe, clean, and well maintained housing at affordable and sustainable costs for people was important to Co-ops 1 and 3. Co-operative members lived in well maintained residences in a variety of different socio-economic contexts and neighbourhoods. Co-op 1 operated under a price-controlled operating deficit, resulting in the amount of rent paid being proportional to each family’s gross income, regardless of the size of the residence. Co-operative values in Chilean Housing Co-operative were enforced and “the work being done to upkeep the co-op is done ourselves, which greatly lowers the cost”, while “everyone can share input as to how to better the way of living”. It is emphasized that living in a housing co-operative is “not like renting, you must participate, especially to lower overall co-operative costs”.

RECOGNIZING ADDITIONAL BENEFITS: TRANSFORMING A DEFICIT TO AN ASSET BASED VIEW

11

More established ethnocultural co-operatives have been supporting other co-operatives. In the case of Co-op 2 and Chilean Housing Co-operative some of the founders brought their knowledge of operating co-operatives in other countries to the building of a strong foundation for the new co-operative in Canada. This knowledge of co-operatives from other countries put into action diversifies the co-operative sector and makes it more resilient to ongoing socio-economic transformations. In Canada, we often view ethnocultural communities, including ethnocultural co-operatives, through a deficit lens. If we can shift the historical deficit-based analysis to more of an asset-based analysis, many of the benefits brought by ethnocultural co-operative members and ethnocultural co-operative members become more visible. Chilean Housing Co-operative, which was one of the longest operating ethnocultural co-ops interviewed, actively supports other co-operatives in the region by purchasing goods and services from other co-ops now that the co-operative is financially sustainable, therefore strengthening the local co-operative sector. Using an asset-based view, we see that ethnocultural co-ops are not only supporting the co-operative sector but are supporting a just transition to a green economy. During the development of Chilean Housing Co-operative, founders with a combined knowledge of co-operatives and architecture from their own countries designed housing units suitable for families of different types and for co-operative living, including common activity areas, highlighting the importance of skills newcomers bring to the co-operative sector.

Chilean Housing Co-operative is investing some its own financial reserves in combination with external funding in retrofitting its units to become more energy efficient, therefore contributing to a just transition to a more sustainable economy.

Co-op 2 which was of the newest ethnocultural co-ops interviewed, has actively supported the formation of other co-operatives within the same ethnocultural group in the same city, now that the co-operative is financially sustainable, therefore strengthening the local co-operative sector. As Co-op 2 has matured, it has diversified its services to members, including purchasing housing units not as residences for members, but for rental income purposes. Co-op 2 bylaws were specifically written to not have these residential units provide housing for members but as a form of income generating long-term capital asset for the benefit of members. In a more traditional co-operative development path consumer co-operatives are developed separately from housing co-operatives. Therefore Co-op 2 demonstrates how ethnocultural co-ops bring new forms of co-operatives into the sector, such as combined consumer and housing co-ops, diversifying the services and assets of its members, and strengthening the co-operative sector overall through adding different forms of co-operatives with different revenue streams, making the co-operative and sector more resilient. Co-op 2, by adding rental units to its portfolio of services to members, increases the stock of housing managed by the co-operative sector. Housing is a basic need and increasing the diversity of ownership forms of housing, including democratically controlled co-operative owned housing, is an essential component in the overall set of solutions for providing adequate housing in Canada. In a fiscal environment where government funding for housing co-operatives has been limited, Co-op 2, an ethnocultural co-operative, has demonstrated a different way of adding more housing while maintaining democratic co-operative governance over housing assets. Co-operative owned housing is more stable in terms of ownership, since the purpose is not speculation, and is more stable for renters since the rent is not increased as frequently as in more privately owned residences.

OBSTACLES AND CHALLENGES

13



Funding

However, the ethnocultural co-operatives also faced many internal and external obstacles that resulted in operational and capital deficits. Funding was one of the problems that all three of the interviewed co-operatives faced. This problem either manifested as an inadequate amount of funding, obstacles in obtaining funding, or lack of knowledge in how to access funding. For example, Co-op 1 (based in Quebec) explained that the funding by their provincial housing society was inconsistent and that they often needed to “find strategies or they refuse the funding” and were in need of more funding to support major projects and events. Co-op 1 explained that due to the funding process in Quebec “the [funding] money gets diluted along the way, until it gets to the co-ops”. There was no way to find other avenues of funding, or they would be cut off from their main source of funding. For Chilean Housing Co-operative, the high cost of maintenance for their units was a challenge, exacerbated by the many obstacles in obtaining funding from the federal government, which were preferable to utilizing high interest loans available from financial institutions. The problem of Co-op 2 was the lack of knowledge about and connection to institutions that could provide funding. They did not approach and/or receive help from multiple institutions (including the associated co-operative federation, municipal, provincial, and federal government). Co-op 2 indicates the existence of ethnocultural co-operatives that are not on the communication lists receiving up to date information from the co-operative sector as a whole, including the CMC newsletter and Fullintel bulletin.



Training and Administration

Another set of problems that all of the interviewed ethnocultural co-operatives shared were problems that were administrative/training/technical based in nature. Two of the co-operatives had problems with web usage to perform clerical tasks or research. The central housing unit of Co-op 1's housing society (Société d'habitation du Québec/SHQ) made the process of application and acceptance of residents to the co-operative difficult, since the society controlled the applications, but Co-op 1 still had to do "extra work" to fix various errors the society made. This work was difficult because it was almost impossible to find the budget to train staff to properly maintain and run a co-operative. They explained that there is an idea that "as a co-op 'you're supposed to manage yourself'", since there is a great deal of bureaucracy when it comes to getting help from federal or provincial corporations or federations for training. Additionally, when funding is very limited, "if you have to decide between a plumber or training" the choice is obvious, and the training gaps are never bridged due to other priorities for available funding. For Chilean Housing Co-operative, there are sometimes issues in maintenance and updating the co-operative's appliances because there is "a lot of jargon for the new technology". However, this co-operative is able to largely overcome this due to offering many co-op-run practical training sessions and a workday for residents. Millennial residents are also often sent to training offered by their federation in order to update the co-operative's knowledge base, and to provide trained members for succession planning.

Some co-operatives face a problem with older staff that do not have online/Internet training, especially with increasing prevalence of business processes being completed online. There were challenges with access to knowledge on the rules and regulations for co-operative operation in Canada for Co-op 2. Co-op 2 had to do all of their own research and seek out assistance from various avenues (government employees, financial institutions) in order to determine the regulations and rules for registering as a co-operative. It is useful to note that it is Canadian and province specific co-operative legislation and regulation that are unfamiliar to members of co-operatives. Both Co-op 2 and Chilean Housing Co-operative had founding members who were familiar with the operation of co-operatives from their respective countries.



Representation and Support

The ethnocultural co-operatives also expressed problems of representation, from representation in discussions with government stakeholders, to the co-operative sector, and to specific associations such as housing co-operative associations. The interviewees did not feel that ethnocultural co-operative representation was adequate, and Co-op 1 commented that housing co-operatives “have special needs and that they need special support”. Co-op 1 also noted that there are only a few of their federation’s assemblies a year and that not many co-operatives show up to these. There is work to be done in building relationships between ethnocultural and other co-operatives within each subsector.

Many ethnocultural co-operatives were formed due to socio-economic exclusion by dominant institutions. In many ways the formation of ethnocultural co-operatives parallels the early development of Caisses Populaires by French communities in Quebec, which were initially formed due to socio-economic exclusion by mainstream English financial institutions (Levesque et al. 1997). Some Caisses Populaires such as Desjardins have now become large mainstream financial institutions themselves and are now as essential a part of the financial sector in Canada as large banks. Caisses Populaires such as Desjardins today contribute not only to the strength of the financial sector in Canada but also to transitioning to a more sustainable economy (Vézina, et al. 2017). Developing ethnocultural co-operatives in the contemporary context face a dual challenge of individual discrimination and organizational exclusion. First, individual members are socio-economically excluded from access to basic services such as affordable housing or affordable healthy food. Second in an environment of fiscal austerity, ethnocultural co-operatives face additional competition from similar organizations. Instead of similar co-operative organizations strongly supporting each other, they are often placed in a context of competition for funding, with the ethnocultural co-operatives typically not obtaining an equitable portion of funding due to the lack of social and financial capital. This dynamic of inter-co-operative competition should be recognized and addressed by the co-operative sector in order to grow a strong and healthy sector which is more intentionally inclusive of ethnocultural co-operatives. Without recognizing this dynamic of inter-co-operative competition for limited funding, or by ignoring it, will

result in ongoing high failure rates of ethnocultural co-operatives and subsequently a weaker and more fractured co-operative sector.

In accordance with Principle 6, “Co-operation among co-operatives” local co-operatives could support ethnocultural co-operatives by referring or conducting business to/with them.

Two out of three co-ops indicated that they were not very connected to the local co-operative sector and were not sure what could be done to remedy this, and Co-op 2 expressed that “if we knew other co-ops, we could exchange experiences”. A relationship with local co-operatives can be beneficial to the individual co-operative as well as the sector; Chilean Housing Co-operative detailed the good relationship they had with other co-operatives in the area, that they shared information, and that they “learn from each other”.



Conflicts within Ethno-Cultural Co-operatives

The final obstacle that the interviewed ethnocultural co-operatives faced was the conflicts that exist within diaspora communities. This finding aligns with previous literature on co-operative housing in Canada providing evidence of conflicts between different communities within housing co-operatives (Fischler, 2013; Yasmeen, 1993). It is important to recognize that groups of people that originate from the same country and speak the same language have additional intersectional identities in terms of ethnicity, gender, class, and political leanings, that are sometimes different enough that they inhibit the formation and development of co-operatives. Co-op 1 reported cultural conflicts between residents.

It is difficult to maintain balance and overcome power struggles that often stem from conflicts that originate from the countries outside Canada. Co-op 2 similarly said that there are often conflicts between co-operative members that come from the same country, but from “different educational backgrounds” and “different socio-economic backgrounds”, alluding to class differences between co-operative members. Chilean Housing Co-operative also reported conflict, based more on long-term and newer members of the co-operative. Participation in the co-operative’s maintenance and upkeep is difficult to strictly enforce, so some members are not collaborative and “leave the places in very bad condition”. One way to mitigate this issue was to encourage residents to participate in the co-operative committees in order to become more connected to and active within the co-operative strategy and operations.



LESSONS AND RECOMMENDATIONS

19



Funding Needs

There are various recommendations that can be applied to help grow ethnocultural co-operatives and provide them support. In terms of capital funding, the co-operative housing sector is the sector with the greatest current need for funding. Among the ethnocultural housing co-operatives interviewed, there were clear indications that many members were able to build sufficient economic and social capital to move out of the co-operative after a number of years. Therefore, an investment in ethnocultural housing co-operatives by federal and provincial governments has the following benefits:

- Address short-term housing affordability needs of newcomers,
- Provide a stable housing environment for building employment skills to be able to gain employment in the desired field,
- Provide a safe environment for families to build social and cultural competencies required for succeeding in Canada.

Housing co-operatives maintain housing in a state of good repair, including building energy and environmentally sustainable retrofits. As demonstrated by Chilean Housing Co-operative, national and provincial goals for reducing energy needs and transitioning to a more sustainable economy can be supported by providing housing co-operatives with greater access to capital grants for retrofits.

Staffing for ethnocultural co-operatives was an issue. Co-op 2 had no full-time staff and was managed by volunteer staff. Co-op 3's administration was often supported by retired co-operative members.

Some co-operatives with limited technology capabilities may need to be provided with the budget for a staff member that will be able to work through technical administrative issues.

In other sectors that landscape reports were prepared for, such as Indigenous co-operatives point to solutions for funding based staffing challenges for ethnocultural co-operatives. One solution utilized by geographically proximate Indigenous co-operatives in Canada to address the lack of funding for operational staff is to share employees for administrative roles. One emerging theme in these recommendations is the importance of building relationships. In terms of shared administrative staff, similar co-operatives in a region can share staff to reduce each individual co-operative's administrative costs. This requires trusting relationships between the co-operatives that share administrative staff. This solution has again been demonstrated by Indigenous and other co-operatives, and ethnocultural co-operatives can be similarly invited into administration sharing agreements to manage their costs.





Further Training and Co-operative Education

With regard to training and co-operative education, more education and training about how to run a co-operative in Canada is essential. Co-operative managers are in need of more comprehensive co-operative development and operation training in order to become self-reliant more quickly. Members and staff would benefit from training or courses to show them what is expected in terms of translating local legislation, regulations, and policies for co-operatives into concrete applications, and illustrate the benefits and distinctions of the co-operative structure. Federations should also publicize and make more readily accessible more extensive training, courses, workshops, and lectures on tasks that are often outsourced in the co-operative, such as financial, technical, and administrative training, in order to foster more self-sufficiency.



Co-operative Support Systems Needed

Further outreach and sharing of information need to be provided to ethnocultural co-operatives in order to create a knowledge base about sources of aid, funding, training, and other help available. Many co-operatives are struggling with these problems but do not have the knowledge, resources, time, or money to seek out assistance. In order to create a wider and more dependable support system for co-operatives, it would be helpful to have a more connected and active co-operative organization in different regions for each type of co-operative (for example housing co-operatives) in order to create a network of similar co-operatives that can support and aid each other and share valuable information. Within these associations of similar co-operatives, equity of

funding opportunities needs to be addressed explicitly to build a healthy and diverse co-operative sector. It is essential to have more industry-specific support from the federations and from other levels of government. It is also important to raise the profile of co-operatives in general and generate more publicity about co-operatives, to raise awareness about the importance of co-operatives. It would also be important to shift focus from a deficit-based view to an asset-based view to recognize the skills and knowledge members of ethnocultural coops bring to the co-operative sector and to Canada as a whole.



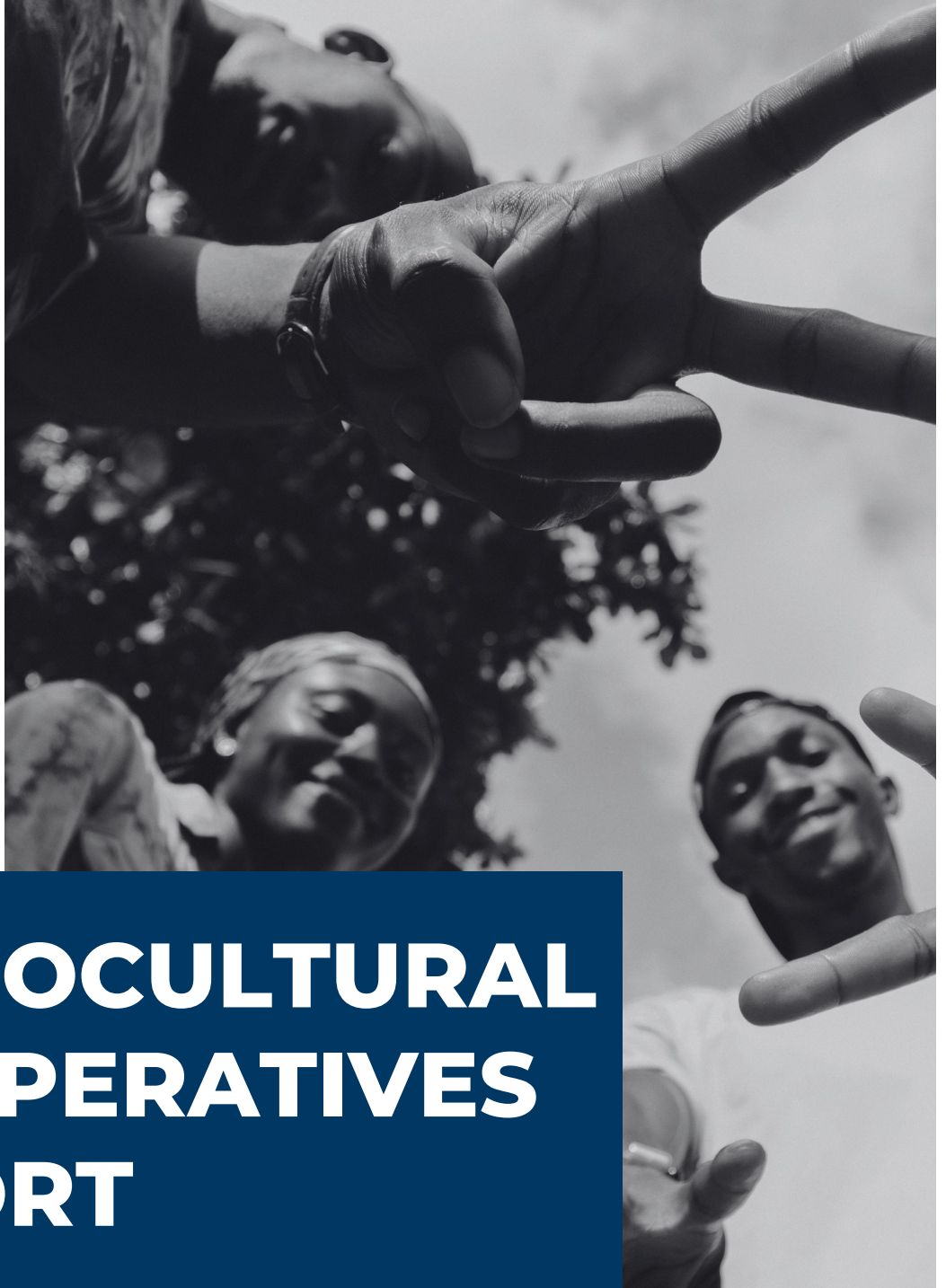
Ethnocultural Co-operative Focus

For ethnocultural co-operatives specifically, it is important to create a process, protocol, or educational tool to mitigate conflicts that arise between members. Further research must be carried out in order to ascertain the level to which the previously mentioned problems have arisen due to ethnocultural elements. Conflict management solutions in co-operatives where the majority of members are from a homogenous culture are different from conflict management techniques for co-operatives where there are more heterogenous cultures. One of the interviewed co-operatives explained that they were not permitted to allow only certain ethnocultural groups join the co-operative due to anti-discrimination laws, but were classified as ethnocultural due to their founders being from a specific ethnocultural group.

CONCLUSION

Despite certain ambiguities, ethnocultural co-operatives are strongly beneficial business models for ethnocultural and newcomers' groups in Canada, providing a sense of community and cultural support, financial/economic advancement, and social benefits. The experiences of the ethnocultural co-operatives within this research show that they are popular and prosperous business models, but that they require support, resources, and funding in order to stabilize. Changes and improvements must be made to provide essential services to these co-operatives in order to create strong and self-sufficient businesses and communities.





ETHNOCULTURAL CO-OPERATIVES REPORT



info@canada.coop



www.canada.coop



Northern Ontario Research, Development, Ideas and Knowledge

