

### How Can Co-ops Become More Productive and More Profitable?

#### Avner Ben-Ner

Professor, Carlson School of Management  
Affiliated Professor, Law School  
University of Minnesota

Many co-operatives are at least as productive and profitable as conventional firms. But why aren't there more of them? One important reason is that there is a mismatch between workers and co-operative organizational needs. In conventional firms, owners can extract effort from their workers through incentives, hierarchical management, and performance evaluation. The egalitarian ownership structure of co-ops prevents them from employing a similar organizational design and this may not induce enough effort from workers. The answer to this predicament is not to abandon the co-operative ownership structure but to adapt selection criteria and organizational design. Co-operatives have to select and develop workers who have concern for their co-workers, are trustworthy, and emotionally capable of monitoring and disciplining each other. With this kind of worker, co-operatives can adopt an organizational design that suits their specific needs. Such design delegates more decision making to rank-and-file workers, relies on fewer incentives, and has a more limited role for middle management than in conventional firms. Properly constituted and run, co-ops can be consistently more productive and profitable than their conventional counterparts.



Avner's research interests include reasons for the coexistence of different types of organizations in the mixed economy; the comparative structure and performance of nonprofit organizations, producer co-ops, government organizations, and for-profit firms; and theoretical and experimental research on co-operation, trust, identity, and values. Avner has been a regular or visiting professor at Yale and the universities of California (Davis), Haifa, Stony Brook, Tel-Aviv, and Central European.



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