



Pros and Cons of the Cooperative Model for Indigenous Communities

The cooperative model has benefitted countless Indigenous communities. However, like any business structure, it has its strengths and weaknesses. Thoughtfully deliberating on whether the cooperative model is right for your community's needs is an essential first step in the cooperative process, and a conversation to return to often before taking next steps. While every group must consider whether the cooperative model is right for them, there are additional considerations for Indigenous communities to explore. The advantages of the cooperative model are the cooperative motivation, independence, and focus on community, and the disadvantages are that the model is Eurocentric, requires outside assistance, can be difficult to capitalize, and is typically a longer process than other business models.

Pros

Cooperative Motivation

Unlike other business models, cooperatives are not driven just to make a profit. While they aim to be financially solvent businesses, they are also concerned with what Minnesota Indigenous Business Alliance co-executive director Pamela Standing refers to as the “quadruple bottom line”—the cultural, social, spiritual, and financial needs of their communities. By placing people above profit, cooperatives ensure that they enrich their communities rather than extract from or compromise them.

Independence

One of the seven cooperative principles is autonomy and independence—the promise that no outside entity or single person can ever control the cooperative. This independence is a huge asset for Indigenous communities moving towards sovereignty.

Cooperatives allow people to work together to solve their own problems, moving communities from dependence on outside resources to sovereignty. Members pool their resources, like labor and money, to accomplish together what cannot be done alone. Because another principle of cooperatives is cooperation among cooperatives, communities can form coalitions with each other that give them greater bargaining and purchasing power—when they interact with external businesses, they can do so on their own terms. For instance, farmer cooperatives can set the prices for their goods when they go to market, and grocery cooperatives can buy in bulk to lower the cost of food. As food is notoriously expensive on reservations, cooperatives have proven to be successful in negotiating food prices from larger suppliers.

Focus on Community

Cooperatives are both by and for the community. They're made up of people who have a real stake in bettering their circumstances. This means that they can both accurately identify the needs of the community (rather than an outsider making assumptions) and identify solutions that are aligned with the community's culture and values. This also means that any income generated stays within the community.

Cons

Eurocentric Model

While cooperatives and cooperative values are present in the histories of Indigenous communities across the country, the model most groups follow is Eurocentric. It's based off of one of the first modern cooperatives, the Rochdale Society for Equitable Pioneers, established in Rochdale, England in 1844. It emphasizes Eurocentric ideas about ownership, property, and membership that don't always translate to other cultures. For example, "membership" to many Indigenous groups refers to enrollment in a nation, not membership to a business, and "ownership" can be confused with entities owned by tribal governments.

Additionally, since there are fewer examples of cooperatives for Native groups, there aren't always examples of how they should govern and manage their cooperatives to fit their laws and values. However, Montana Indigenous groups can look towards successful Native cooperatives across the country (for example, New Mexico and Alaska tribal groups have a rich history of cooperative use and development) for inspiration and education.

Outside Assistance

Even though the cooperative model is a great option for groups wanting to be independent and self-sufficient, the process of starting a cooperative often requires outside assistance from economic development organizations. Making sure cooperatives have comprehensive bylaws, follow cooperative principles, and are correctly incorporated with the Secretary of State can be extremely difficult for communities who don't have prior experience with the cooperative model. Involving outside organizations can be difficult for groups with prior experiences of being exploited and misunderstood. Identifying organizations that avoid saviorism and prioritize cultural competency can be a challenge.

Difficulty with Capitalization

Many groups put up resources like land as collateral to get loans to finance their cooperatives. However, land on reservations cannot be borrowed against to leverage loans, leaving Indigenous groups at a financial disadvantage. In this situation, the process of capitalization requires some creativity. For example, groups can sell preferred stock at higher prices or partner with a nonprofit to get access to grant money. While cooperatives have successfully been built on many reservations, this is a significant hurdle that Indigenous communities should take into consideration.

Longer Process

Because cooperatives are owned and governed by a group of community members rather than a single owner or partnership, the process of creating a cooperative takes more time. Decisions must be reached collectively, and community members need to be educated on how cooperatives work. Instead of one motivated individual pushing a project forward, cooperatives are a group effort. Therefore, it's important to create steering committees of highly invested and energetic people.

In Conclusion

Cooperatives have benefits and disadvantages that must be considered carefully both before selecting the cooperative model and after each phase of cooperative development. While cooperative development is a long and sometimes difficult process, it is ultimately an investment in the community. If you decide that the pros outweigh the cons, there's a good chance the cooperative model is right for your community.



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