

Certificate in Co-operative Studies

Co-operative Enterprise - The Democratic Alternative

Instruments of Assessment

Assessment	Type of Assessment		Number of Marks
1	Investigation/PowerPoint		30
2	Section 1	Case Study Stimulus	40
	Section 2	Extended Response Questions	30

Assessment 2 is split into two sections in order to offer centres flexibility. It can be assessed in one sitting or over two sittings.

Threshold of achievement is 50% >=50

INSTRUMENT OF ASSESSMENT 1

The following assessment will assess the following skills:

Analyse the effect of the values and principles on how co-operative enterprises operate.

Rights and responsibilities entailed in ownership of a co-operative.

TASK

Candidates are asked to undertake a research project in order to compare the objectives of a co-operative enterprise against those of a private enterprise. Candidates have a choice of a variety of methods to display the information they have found. Both PowerPoint and written report are suitable methods of display.

~~Both research and presentation for the task should take no longer than 3 hours.~~

The information to be included within the presentation should be:

- Identify a suitable corporate business and a co-operative enterprise.
- Identify values and ethics of the corporate business.
- Identify values and ethics of the co-operative enterprise.
- Demonstrate knowledge of the similarities in the values and ethics of both organisations.
- Demonstrate knowledge of how the differences in values and ethics impact on the operation of the businesses.
- Demonstrate knowledge of what makes a co-operative different from other types of business.
- Demonstrate how the co-operative business identified puts its co-operative principles into practice in its activities.
- Demonstrate how the co-operative business's principles impact on the business.
- Provide a critical evaluation of how specific co-operative principles might not apply to your chosen co-operative business.
- Demonstrate how the co-operative satisfies the essential elements for being a co-operative.
- Demonstrate knowledge of the rights and responsibilities of ownership within the co-operative.
- Illustrate how the co-operative benefits its members.

INSTRUMENT OF ASSESSMENT 2

Section 1: Case Study

The John Lewis Partnership

Background

The John Lewis Partnership is one of the UK's most successful retailers with over 30 department stores, 244 Waitrose supermarkets, and an online business. It is also one of the UK's largest and oldest employee owned companies, combining a common ownership structure with a governance system based on democracy and a culture of participation.

It has been accepted, for the purposes of this assessment, that JLP would not meet the traditional definition of a consumer co-operative society but certainly displays most of the attributes of a worker co-operative. The fact that they have described themselves in the past as a worker co-operative and the minor differences in their structure offers the candidate the opportunity to critically analyse this particular case and to display their wider understanding of co-operative values and principles, especially the fact that there are numerous variations on the basic structure.

Case studies of the Co-operative Group (consumer) and GreenCity (worker) are appended as two amongst a multitude of alternatives.

Partners

The John Lewis Partnership is owned by the 76,500 employees or 'partners'. In 1929, John Spedan Lewis, transferred the majority of his shares to an employee benefit trust, 'to be owned in trust for the benefit of its members'. He became the sole trustee of the business until 1950 at which point he transferred his remaining shares into the trust and appointed three trustees – John Lewis had now become 100% employee owned. Although employee owned, the employees do not hold the shares directly. The shares are held in a trust which is governed by three trustees and the Chairman of John Lewis.

Governance

Governance in the partnership is exercised by three authorities – the Chairman, the Partnership Board and the Partnership Council. The Partnership Council is an elected body of partners in the company. The Chairman and the Partnership Board operate similarly to a CEO and a Board of Directors in an investor owned company.

Rights and Responsibilities

The partners in John Lewis all have rights and responsibilities. All partners have the right to share profit created by the company. They also have the right to work in a transparent and open environment and to be made fully aware of the performance of the business. All partners also have the right to determine who runs the business and to hold management to account.

As well as having rights, the partners have responsibilities which have also been highlighted in the Constitution. They have to take responsibility for the performance of the business and to build relationships by the company's principles.

Questions

Answer the following in sentences.

1. “The John Lewis Partnership is built upon seven principles – *Purpose, Power, Profit, Members, Customers, Business Relationships* and the *Community*. The John Lewis Partnership maintains that even today their principles are as relevant as they were when they were set out by the founder, John Spedan Lewis, in the constitution.” 4

Evaluate, using examples, the relevance of the co-operative principles to business and society today in the 21st century.

2. The John Lewis Partnership has a written constitution that sets out their principles, governance system and rules. 6

Using the constitution of any co-operative, explain the following essential elements from the document:

- the purpose of the organisation
- how it admits members
- how they can exercise their voting rights.

3. “When the John Lewis Partnership was set up, the founder, John Speden Lewis, was very careful in establishing a governance system. This was highlighted in the constitution and would be both commercial – allowing the partnership to remain competitive – and dramatic, giving every partner a voice in the business they co-owned.”

- a. Explain what is meant by the term ‘governance’ and discuss two ways in which the members of the partnership can exercise their right to participate in the governance of the co-operative. 4

- b. Discuss the main differences between co-operative governance and corporate governance. 4

4. “The effective governance of a co-operative is dependent on the Members, Board of Directors, and Management working together to achieve the co-operative’s objectives.” 6

Identify the roles of members, management and the board of directors and explain the relationship that exists between these roles.

5. “A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a jointly-owned and democratically-controlled enterprise. “ 6

International Co-operative Alliance Statement

To what extent do you believe that the John Lewis Partnership satisfies this definition of a co-operative? Use relevant examples to support your argument.

6. Identify the rights and responsibilities which are entailed in a co-operative like the John Lewis Partnership. Use examples to support your answer. 6

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Pack/Instruments of Assessment

7. “While co-operatives are profit-making enterprises, there will be times where losses are generated.” 4

Highlight the responsibilities that members of a co-operative must take on board if a co-operative makes a loss.

TOTAL FOR SECTION 40

(60 minutes)

INSTRUMENT OF ASSESSMENT 2

Section 2

Answer the following in sentences.

1. “The John Lewis Partnership is a co-operative”
 - a. Compare and contrast the similarities and difference between a social, private and co-operative enterprise. Justify your conclusions. 12

Use the following headings:
 - purpose
 - ownership
 - control
 - beneficiaries.
 - b. Explain how each enterprise measures success. 3
 2. The main aim of each of the enterprises is to generate income.
 - a. Describe how each enterprise is financed. 3
 - b. Compare and contrast how each enterprise distributes its surplus revenue. 3
 3. The Co-operative Alliance provides us with a statement on what defines a **co-operative identity**. 4

Compare and contrast the difference between the owning of shares in a private enterprise, as opposed to owning shares in a co-operative. Justify why these differences exist.
 4. “The ‘competitive advantage’ is crucial to the competitiveness of co-operative enterprises in the market.”
 - a. Explain the difference between competitive advantage and co-operative advantage. 2
 - b. Discuss the effectiveness of having co-operative advantage in a co-operative like the John Lewis Partnership. 3
- TOTAL FOR SECTION 30**

(40 minutes)

