

ASSESSMENT 1

MARKING GRID

The following grid should be used as a means of assessing suitability of the presentation:

Task	Possible	Actual
Identify a suitable corporate business and a co-operative enterprise	2	
Identify values and ethics of the corporate business	3	
Identify values and ethics of the co-operative enterprise	3	
Demonstrate knowledge of the similarities in the values and ethics of both organisations	3	
Demonstrate knowledge of how the differences in values and ethics impact on the operation of the businesses	3	
Demonstrate knowledge of what makes a co-operative different from other types of business	3	
Demonstrate how the co-operative business identified, puts its co-operative principles into practice in its activities	3	
Demonstrates how the co-operative business's principles impact on their business	3	
Provide a critical evaluation of how specific principles of a co-operative might not apply to your chosen co-operative business	2	
Demonstrate how the co-operative satisfies the essential elements for being a co-operative	3	
Demonstrate the rights and responsibilities of the ownership within the co-operative	2	
TOTAL FOR ASSESSMENT	30	

The threshold of achievement for this assessment is 15 marks. The assessment should be marked on a pass/fail basis.

(See attached exemplar PowerPoint –Appendix 3)

Assessment 2

Section 1

1.	<p>“The John Lewis Partnership is built upon seven principles – <i>Purpose, Power, Profit, Members, Customers, Business Relationships</i> and the <i>Community</i>. 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.”</p> <p>Evaluate, using examples, the relevance of the co-operative principles to business and society today in the 21st century.</p>	4																
<p>John Lewis’s seven principles match those of the original Rochdale Society:</p> <table><tr><th>John Lewis Principles</th><th>Original Principles of Rochdale Society of Equitable Pioneers founded in 1844</th></tr><tr><td>Purpose</td><td>Voluntary and Open Membership – means that if a member wishes to leave a co-operative then that decision can be made without fear or prejudice or discrimination.</td></tr><tr><td>Power</td><td>Democratic Member Control – in addition to being jointly owned by members, co-operatives are member controlled on a democratic basis.</td></tr><tr><td>Profit</td><td>Member Economic Participation – protects member control of the co-operative, for it prevents those who subscribe capital, from subverting the operations of the co-operative to serve their own financial interests.</td></tr><tr><td>Members</td><td>Autonomy and Independence – protects the member-based ownership structure of a co-operative.</td></tr><tr><td>Customers</td><td>Education, Training and Information – Majority of co-operators agree that education of the three main stakeholders in a co-operative (the members, the public, and the employees) is crucial to ensure the sustainability and long term success of the co-operative.</td></tr><tr><td>Business Relationships</td><td>Co-operation and Co-operatives – is applied to individual co-operative enterprises creating co-operative links in the same industry or sector.</td></tr><tr><td>Community</td><td>Concern for Community – Most co-operative enterprises place sustainable community development at the core of what they do rather than treating it as a separate activity.</td></tr></table> <p>Candidates should be able to link John Lewis Principles to the original principles and provide current examples to show that these principles are still as relevant today in the 21st Century.</p>			John Lewis Principles	Original Principles of Rochdale Society of Equitable Pioneers founded in 1844	Purpose	Voluntary and Open Membership – means that if a member wishes to leave a co-operative then that decision can be made without fear or prejudice or discrimination.	Power	Democratic Member Control – in addition to being jointly owned by members, co-operatives are member controlled on a democratic basis.	Profit	Member Economic Participation – protects member control of the co-operative, for it prevents those who subscribe capital, from subverting the operations of the co-operative to serve their own financial interests.	Members	Autonomy and Independence – protects the member-based ownership structure of a co-operative.	Customers	Education, Training and Information – Majority of co-operators agree that education of the three main stakeholders in a co-operative (the members, the public , and the employees) is crucial to ensure the sustainability and long term success of the co-operative.	Business Relationships	Co-operation and Co-operatives – is applied to individual co-operative enterprises creating co-operative links in the same industry or sector.	Community	Concern for Community – Most co-operative enterprises place sustainable community development at the core of what they do rather than treating it as a separate activity.
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2.	<p>The John Lewis Partnership has a written constitution that sets out their principles, governance system and rules.</p> <p>Using the constitution of any co-operative, explain the following essential elements from the document:</p> <ul style="list-style-type: none"> • the purpose of the organisation • how it admits members • how they can exercise their voting rights. 		6
	<ul style="list-style-type: none"> • The John Lewis Partnership's ultimate purpose is the happiness of all its members, through their worthwhile and satisfying employment in a successful business – Principle 1 of the constitution • The partnership seeks only to employ those who share its values and will contribute to the success of the business. The partnership does not see disability, age, race, gender, religion as a barrier to membership. • Any Partner may stand as a candidate for election to the Council to represent the constituency in which he works. Every Partner has a single vote in elections to the Council. 		
3.	<p>"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."</p>		
	a.	<p>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.</p>	4
		<ul style="list-style-type: none"> • Governance is about reliable and consistent management, unified policies, guidance, processes and the right to make decisions for a given area of responsibility. • Members in the partnership can exercise their right to participate in the governance of the co-operative by: <ul style="list-style-type: none"> ✓ playing a functional role in the organisation ✓ buying the goods and services offered by the organisation ✓ having the ability to vote on a matter which concerns all members. 	

	b.	Discuss the main differences between co-operative governance and corporate governance.		4																		
		<table><tr><th>Co-operative Governance</th><th>Corporate Governance</th></tr><tr><td>Members are at the core of the governance structure</td><td>Shareholders are at the core of the governance structure</td></tr><tr><td>Co-operatives attempt to direct their resources to satisfy member needs and provide maximum benefits</td><td>Investor owned companies are directed towards generating maximum value for their shareholders</td></tr><tr><td>Co-operative governance places importance on the two core functions of the organisation:<ul style="list-style-type: none">Democratic participationOperations management</td><td>Corporate governance places its emphasis on the structures, processes, cultures and systems which are crucial for a successful operation</td></tr></table>	Co-operative Governance	Corporate Governance	Members are at the core of the governance structure	Shareholders are at the core of the governance structure	Co-operatives attempt to direct their resources to satisfy member needs and provide maximum benefits	Investor owned companies are directed towards generating maximum value for their shareholders	Co-operative governance places importance on the two core functions of the organisation: <ul style="list-style-type: none">Democratic participationOperations management	Corporate governance places its emphasis on the structures, processes, cultures and systems which are crucial for a successful operation												
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		Accept any other suitable difference. Ensure candidates have shown an understanding through use of examples.																				
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.” Identify the roles of members, management and the board of directors and explain the relationship that exists between these roles.			6																		
	<table><tr><th>Members</th><th>Board of Directors</th><th>Management</th></tr><tr><td>Assist in the formulation of policy</td><td>Formulate policies acceptable to members</td><td>Put into action the policies decided by the board</td></tr><tr><td>Elect, remove and evaluate directors</td><td>Hire General Managers (CEO) and hold them accountable</td><td>Hire employees</td></tr><tr><td>Provide necessary capital</td><td>Sourcing and managing capital</td><td>General management functions</td></tr><tr><td>Participate in the decision making process</td><td>Act collectively not individually</td><td>Serve in the best interests of the members</td></tr><tr><td>Patronise the co-operative</td><td>Evaluate the performance of the co-operative</td><td>Report to the board</td></tr></table>	Members	Board of Directors	Management	Assist in the formulation of policy	Formulate policies acceptable to members	Put into action the policies decided by the board	Elect, remove and evaluate directors	Hire General Managers (CEO) and hold them accountable	Hire employees	Provide necessary capital	Sourcing and managing capital	General management functions	Participate in the decision making process	Act collectively not individually	Serve in the best interests of the members	Patronise the co-operative	Evaluate the performance of the co-operative	Report to the board			
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	<ul style="list-style-type: none">Management and Board of Directors must ensure that sufficient information is available for members relating to policies, objective and operations.Management and Board of Directors must ensure sufficient opportunities for members to participate in the running of the co-operative.All three parties must ensure shared goals.All three parties must ensure shared values.All three parties must ensure a sense of community.																					

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5.	<p>“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. “</p> <p style="text-align: center;"><i>International Co-operative Alliance Statement</i></p> <p>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.</p>	6
	<p>It satisfies the elements for being a co-operative by:</p> <ul style="list-style-type: none"> • Resembling any other business – trading in the market and utilising the factors of production (land, labour and capital). • Provide value for money and excellent service to customers. • Each Partner will receive a share of profits based on position within the company. • Each member of the Partnership has one vote to elect members of Partnership Board. • John Lewis Partnership contributes to the community (or education) within its locality. • Financial information is disclosed to members (and public as it is a Plc). • Partners have access to high quality training and career progression structure. 	
6.	<p>Identify the rights and responsibilities which are entailed in a co-operative like the John Lewis Partnership. Use examples to support your answer.</p>	6
	<p>Rights</p> <ul style="list-style-type: none"> • Profits shared by partners • Knowledge to work in a transparent and open environment and be made aware of performance of business • Power to determine who runs the business and be indirectly involved in decision making. <p>Responsibilities</p> <ul style="list-style-type: none"> • To take responsibility for the performance of the business • To build relationships powered by the company’s principles • Create real influence over their working lives. 	

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7.	<p>“While co-operatives are profit-making enterprises, there will be times where losses are generated.”</p> <p>Highlight the responsibilities that members of a co-operative must take on board if a co-operative makes a loss.</p>		4
		<ul style="list-style-type: none"> • Members must contribute to a co-operative when it generates a loss, as they do when a surplus is made. • Members are responsible for addressing any losses that the co-operative suffers by contributing more capital in the form of equity or by increasing trade with the business. • Also done on a proportional basis, those who make most of the use of the co-operative are responsible for bearing most of the loss incurred. 	
TOTAL FOR SECTION			40

Assessment 2

Section 2

Answer each of the following.

1.	“The John Lewis Partnership is a co-operative”	
a.	<p>Compare and contrast the similarities and difference between a social, private and co-operative enterprise. Justify your conclusions.</p> <p>Use the following headings:</p> <ul style="list-style-type: none"> • purpose • ownership • control • beneficiaries 	12
	<p>Purpose:</p> <ul style="list-style-type: none"> • Social Enterprise – Is an organisation run like a business but its major goal is ‘not for profit’ and aim is charitable objectives. (1 mark) • Business Enterprise – Is an organisation run to maximise profit and to provide a return on capital invested for shareholders/owners. (1 mark) • Co-operative Enterprise – Is an organisation run like a business but its major goal is the welfare of members and to provide them with a financial return. (1 mark) <p>Ownership:</p> <ul style="list-style-type: none"> • Social Enterprise – not owned by anyone specifically, as it has no shareholders. However, ownership structure is based on participation by stakeholder groups – employees, users, clients or social investors. (1 mark) • Business Enterprise – owned by shareholders/owners – who have invested their own capital in the business. (1 mark) • Co-operative Enterprise – organisation usually owned by members or, in the case of John Lewis, held in trust for members (employees) – members considered to be partners (owners in organisation). (1 mark) <p>Control:</p> <ul style="list-style-type: none"> • Social Enterprise – Controlled by stakeholders (employees, users, community groups or social investors), or by trustees or directors who control the enterprise on behalf of a wider group of stakeholders. They are accountable to their stakeholders and the wider community for their social, environmental and economic impact. (1 mark) • Business Enterprise – Controlled by a Chairman/Managing Director, usually assisted by Board of Directors – all of whom have been voted in at AGM by shareholders. This theoretically will give all owners a say in the running of the company. (1 mark) • Co-operative Enterprise – Controlled by a board who have been elected by the members (employees). (1 mark) 	

		<p>Beneficiaries:</p> <ul style="list-style-type: none"> • Social Enterprise – Beneficiaries are local community, or to meet charitable objectives as defined by the purpose of the social enterprise. (1 mark) • Business Enterprise – Beneficiaries are the shareholders who have invested in the organisation to make a return on their investment. Business enterprises may have social enterprise objectives built into constitution that will benefit the community or charity. (1 mark) • Co-operative Enterprise – Beneficiaries are the members (employees) who receive a share of the profit as a return for hard work and contribution to success of organisation. Community/charitable objectives are included within constitution. (1 mark) <p><i>(Not simply an identification question – candidate must make an attempt to link each point back to the overall objective of organisation).</i></p>	
	b.	<p>Explain how each enterprise measures success.</p> <ul style="list-style-type: none"> • Social Enterprise measures success by how much it raises for good causes/community, how many people it can successfully help or how many projects it can undertake within community etc (1 mark) <p><i>(Anything that relates to how it can help others – not profit making)</i></p> <ul style="list-style-type: none"> • Business Enterprise – measured on how much profit it has made, total sales, size of the company (in terms of growth). (1 mark) <p><i>(Must relate to success via profit or as money making – must make reference to how it benefits shareholders)</i></p> <ul style="list-style-type: none"> • Co-operative Enterprise – measured on how much profit has been made, sales. (1 mark) <p><i>(Must make reference to how it benefits employees)</i></p>	3

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2.	The main aim of each of the enterprises is to generate income.		
	a.	<p>Describe how each enterprise is financed.</p> <ul style="list-style-type: none"> • Social Enterprise – Donations from (business) or individuals, fundraising activities. • Business Enterprise - Sale of Shares/investment, success of business. <p><i>(Use professional judgement but do not simply take loans, overdrafts etc – must relate directly to ownership/main purpose which distinguishes it from the other two enterprises).</i></p> <ul style="list-style-type: none"> • Co-operative Enterprise – Investment by employees, or by success of business. <p><i>(Use professional judgement but do not simply take loans, overdrafts etc – must relate directly to ownership/main purpose which distinguishes it from the other two enterprises).</i></p>	3
	b.	<p>Compare and contrast how each enterprise distributes its surplus revenue.</p> <ul style="list-style-type: none"> • Social Enterprise – Distributes surplus revenue to good causes/charity or community. (any of these) • Business Enterprise – Distributes surplus revenue to shareholders as dividends/share of profit. (must show knowledge of this enterprise by making reference to either dividend or profit). • Co-operative Enterprise – Distributes revenue to members or employees within the organisation as profit sharing. <p><i>(Candidates must use either “whereas” or “opposed to” in order to be awarded full marks).</i></p>	3

3.	<p>The Co-operative Alliance provides us with a statement on what defines a co-operative identity.</p> <p>Compare and contrast the differences between owning shares in a private enterprise as opposed to owning shares in a co-operative. Justify why these differences exist.</p> <ul style="list-style-type: none"> • Ownership within a co-operative enterprise is based on performing their role/being employee (contributes towards the overall success of organisation) where as in business enterprise is purely based upon investment in organisation. • Everyone in co-operative enterprise has an equal say in running of organisation – ‘one member one vote’, where as in business enterprise, how much say the shareholder has is entirely dependent on how much money they have invested in the enterprise. <p>Justification: This difference exists because everyone within co-operative considered as equally contributing to success of organisation, whereas everyone who has invested is considered to have done so in proportion to their investment.</p> <p><i>(1 mark for the comparison and one mark for the justification)</i></p> <p>Any suitable difference accepted – including:</p> <ul style="list-style-type: none"> • investment • voting rights • contribution to success of organisation • knowledge of organisation. <p><i>(1 mark for a difference and 1 mark for the justification)</i></p>	4
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4.	a.	<p>“The ‘competitive advantage’ is crucial to the competitiveness of co-operative enterprises in the market.”</p> <p>Explain the difference between competitive advantage and co-operative advantage.</p> <ul style="list-style-type: none"> • A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices. • A co-operative advantage is a co-operative’s equivalent of a competitive advantage. Its foundation is the unique ownership and governance structure inherent in all co-operatives – the fact that the business is member-owned and member-controlled. 	3
	b.	<p>Discuss the effectiveness of having co-operative advantage in a co-operative like the John Lewis Partnership.</p> <ul style="list-style-type: none"> • Define – consult with your members and stakeholders to ascertain how they want their co-operative to be different and ensure this is part of the principles. • Deliver – embed this co-operative in every process in the business, marketing, production, human resources etc. • Measure – track the benefits of how the co-operative delivers to its members, customers, employees, local community and stakeholders. • Communicate – tell your members, stakeholders, employees and the public the benefits your co-operative advantage provides. 	2
TOTAL FOR SECTION			30