

Received Date: 21 April 2026

Accepted Date: 12 May 2026

Published Date: 1 June 2026

## How can we assess the impact of social utility on cooperative governance?

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### Abstract

Given their growing economic and social significance worldwide, several researchers have focused on the distinctive nature of cooperative governance. However, the majority of theoretical studies on cooperative governance concentrate on large firms operating on a global scale. Moreover, the resulting representation of governance mechanisms has largely overlooked the issues facing cooperatives, particularly those with no direct link to financial markets. This is the case with this study, which examines cooperative governance and the measurement of social utility, of which governance is a part.

**Keywords:** Impact – Cooperative – Social utility – Governance.

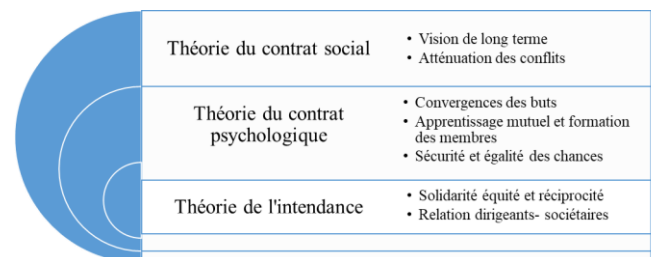
### Introduction

In management, over the past decade, enlightened managers have realised that all management is cultural, and we have clearly understood this in this first section. Moreover, this constant need to strike a balance between economic and social considerations, development and sustainability, constitutes the real challenge of this first section. Furthermore, the specific governance models of cooperatives have played a leading role in defining the concept of social utility, by enabling a better assessment of all the social, environmental and technological issues to be taken into account.

### I. Cooperative governance

From this perspective, our study will draw on the debate surrounding cooperative concepts in order to transcend the limitations of the dominant model in the light of three theories: psychological contract theory (Argyris, 1960; Levinson et al., 1962; Schein, 1965), the social contract theory (MacNeil, 1980) and the stewardship theory (Davis et al., 1997; Muth, Donaldson, 1998), whilst recognising that none of these theories should be considered in isolation, as each addresses only one aspect of cooperative management; hence the need to adopt them jointly within the framework of a complex and active dynamic, as illustrated in the figure below:

**Figure 1:** Integration of theories for the examination of the phenomenon of cooperative governance



*Source: Author*

Since the 1970s, research into organisational governance has focused on the creation of monetary and financial value; this epistemological stance is underpinned by contractual theories, notably property rights theory (Alchian, Demsetz, 1972) and agency theory (Jensen, Meckling, 1976). Indeed, the dominant financial model has been the subject of radical criticism. Other authors challenge the exclusive status of creditors, such as Hirigoyen (1997), who moved from the concept of agency governance to partnership governance by transcending positive agency theory through the generalisation of all contractual relationships within the organisation and by introducing the concept of partnership value (stakeholder value). Indeed, cognitive theories have facilitated this shift thanks to the explanatory power of sustainable value creation through organisational learning and innovation, not to mention stewardship theories regarding the nature of the firm through its ability to conduct internal transactions at a lower cost than market transaction costs. This will enable, during production, a reduction in internal contracts through a more efficient method of coordinating and controlling the firm's resources (Bonet, 2010). And as soon as we speak of efficiency in resource allocation, we automatically consider the firm's governance.

Generally speaking, all cooperative principles, and in particular that of dual quality (Hiez, 2006), offer cooperatives a competitive advantage through production costs lower than those offered on the market or borne by a conventional firm. Moreover, efficiency in resource allocation and the reduction of the cooperative's organisational costs are only possible by regulating the increased need for control and monitoring of the execution of allocated tasks (Cartier et al, 2012).

### **1. The debate on the governance of cooperative structures: the social contract theory**

Based on the observation that many cooperative leaders suffer from a glaring lack of tools, particularly in the area of governance, which is generally under-theorised. Within this theoretical field, the work of Côté (2007), Côté and Levesque (1995), Cornforth (2004), Hiez (2006) and Papon-Vidal (2000) highlights the difficulty in establishing a conceptual framework for cooperatives. According to Cornforth (2004), a multi-paradigmatic theory could serve as a solution. We may also cite the work carried out by the cooperative banks of the International Cooperative Alliance (ICA), the French Institute of Directors (IFA) and, finally, the French Confederation of Agricultural Cooperation (CFCA), particularly on governance. Admittedly, there is as yet no comprehensive theory of cooperative governance that enjoys unanimous support within the academic community. According to Cornforth, most theoretical perspectives are one-dimensional

and fragmentary, given the numerous paradoxes identified in the pursuit of cooperative governance, as the aim is multifaceted but a portion of the wealth is allocated to private appropriation without any concept of minority shareholders amongst the cooperative members.

### **2. The psychological contract: a mental model of the relationship between members and the cooperative, governed by norms that facilitate a partnership-based interaction**

Firstly, a psychological contract is a set of informal expectations between members and the cooperative; this psychological dimension plays an important role in the behavioural cohesion and social identification of members. However, this contract differs from the formal one, encompassing aspirations that are both concrete and abstract, objective and subjective, and above all, difficult to formalise. These expectations may be of a practical nature, such as remuneration, the working atmosphere and learning, or of a psychological nature, such as reciprocity, organisational support, fairness, equality, participation, consideration and trust (Brulhart, 2005). According to Rousseau (2001), a personal construction of the reality of cooperation is based on a lasting and credible mental representation of reciprocal obligations. Thus, several behavioural norms explained this relationship, including, for example, decision-making power in the relationship (MacNeil, 1980; 1985), the failure to respect which would lead to the deterioration or breakdown of the relationship. Indeed, it encompasses two dimensions: a transactional dimension and a relational dimension, aimed at mitigating conflicts of interest, standardising behaviour and, above all, ensuring the commitment of cooperative members to the structure. In this sense, the operationalisation of these relationships at the contractual level within cooperative governance mechanisms proves effective, particularly on the basis of cooperative values and principles. On the other hand, the psychological contract is a mental model (Bourhis et al. 1997) whose relational and behavioural norms inspire members to construct a cooperative ideal or a cooperative project from which their moral responsibilities and mutual commitments spring.

In their work on social contract theory, Ambroise et al. (2009) operationalise transactional and relational norms in organisational governance issues in line with the progression of the wheel of time. However, given the dual nature of cooperative leaders—in the sense that they come from the rank and file and are themselves members—this relationship is initially governed by transactional norms and tends to evolve gradually towards relational norms. In this context, the relationship between managers and members will have a

strong social dimension thanks to the managers' socio-emotional ties to the cooperative project and will be governed by shared relational norms rather than transactional norms. However, relational and transactional norms can constitute complementary modes of coordinating the member-manager relationship within the framework of a contract that is less prescriptive in terms of beliefs regarding cooperative behaviour (Brousseau, 2000). Indeed, there is a shift from cooperative-style governance to a hybrid form of governance where two paradoxical logics coexist, with transactional norms being prioritised as formal mechanisms to safeguard the cooperative project. At this stage, it is observed that the manager plays a primary role as a principal, as found in agency theory, by conforming to the expectations of external stakeholders, and a secondary role as a cooperative steward, ensuring the well-being and fulfilment of the economic, social and cultural aspirations of the members (Cornforth, 2004) and it is precisely this paradox that leads to the analysis of the stewardship theory.

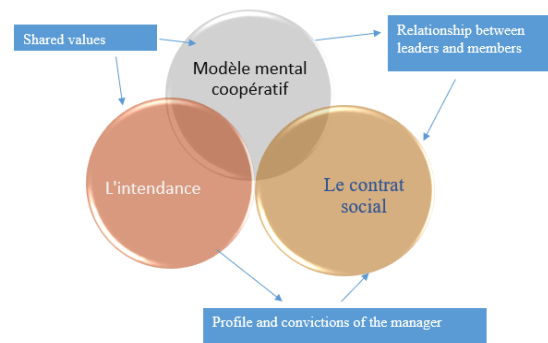
### 3. Stewardship theory: human relations at the heart of cooperative governance

According to this theory, which is based on psychological and sociological foundations that contradict the concepts of agency theory, human fulfilment takes precedence over capital. Thus, prioritising human relations over value creation aligns perfectly with the principles of cooperative management: the dynamic and altruistic leader, described as a steward in this theory, is considered loyal and committed to their cooperative project (Cornforth, 2004). From this perspective, the cooperative members and the steward are partners working within a collaborative and innovative framework, fully committed to the values and the collective organisational project. However, stewardship theory is subject to two criticisms: the first relates to the sharing of value among cooperative members (Trébuq, 2003), and the second is that the steward must possess the expertise to add value to the organisation's decisions (Cornforth, 2004). According to Martin et al., leading cooperatives is about "doing more than raising their standard of living; it is about contributing to their development as human beings. The educational task and the aspiration to moral nobility are at the very heart of cooperation' because 'the cooperative is not merely an original economic organisation; above all, it is a profoundly humanising and humanist school' (Martin et al., 2008).

Having explored the main theories in the field of cooperative governance, it is clear that there is a multitude of schools of

thought and governance issues, particularly in practice, where a number of shortcomings arise that sometimes highlight the inadequacy of the theoretical framework. Consequently, given that most cooperative leaders lack conceptual tools and approaches suited to cooperative principles, the solution lies in a multi-paradigmatic approach, as illustrated in the following figure:

**Figure 2:** The triptych of cooperative governance



Source: Author

## II. Assessment of the social utility of cooperatives

### 1. History of social utility

For many years, the concept of social utility has been questioned by researchers, representatives of public authorities, local authorities and the business community. This study does not seek to provide a single definition of social utility, but rather to arrive at a common consensus. Indeed, Jean Gadrey defines it as:

*“The activity of a social economy organisation which has as its observable result and, generally, as its explicit objective – beyond any other potential objectives of producing goods and services for individual users – to contribute to social cohesion, solidarity, sociability, and the improvement of collective conditions for sustainable human development”<sup>1</sup>.*

In this sense, the assessment of social utility is a major issue for various categories of stakeholders, notably cooperatives seeking to recognise their social added value before launching a new project; for local authorities and state bodies seeking to

<sup>1</sup> GADREY Jean, “The Social Utility of Social and Solidarity Economy Organisations”, summary report for DIISES and MIRE, September 2003

evaluate the effectiveness of public policies; and finally for the business sector, where assessment is generally financial.

In France, the concept of social utility was first discussed within the Council of State in 1973 in the context of tax policy; subsequently, in 1980, it was invoked to justify the tax exemptions granted to cooperatives. Indeed, the National Council for Community Life (CNVA) defined the five criteria for social utility in 1996, which were: social contribution, the primacy of the project over the activity, non-profit status, disinterested management, egalitarian operation and the existence of accreditations. Since 1990, social utility has been at the centre of various research projects, including Alain Lipietz's report <sup>2</sup>, which discussed three dimensions of social utility in 2000. In 2003, the Interministerial Delegation for the Social Economy tasked Jean Gadrey with producing a synthesis on social utility. Furthermore, the introduction of a label is strongly recommended in order to establish a shared understanding of social utility. However, the definition of social utility remains a topical issue, with significant implications for both cooperatives and public authorities, in order to ensure greater clarity and maintain improved relations.

## **2. Elements of definitions of social utility**

Originally, the word 'utility' is linked to utilitarianism, which presents an individualistic view of how society functions. To speak of social utility is, first and foremost, to highlight the inadequacy of the individualistic view and to extend it to the collective level through a process of social construction. Social utility, as a central objective of the organisation, has a positive effect on the whole of society, which is concerned with the impact of an action on a particular area and a specific population group. Moreover, the definition of social utility depends on the values held by those who define it, hence the difficulty in defining it, as there is no common understanding of what may be useful to society. Consequently, it is important to distinguish between the organisation's social utility and its objectives. Indeed, the cooperative's operations, its working methods, and its external relations will help define its social utility without this being formally enshrined in its objectives. In this sense, given that social utility is linked to the objectives, this assessment becomes an evaluation of the cooperative project and not merely of social utility. Despite the difficulty of clearly defining social utility, it remains multidimensional, encompassing various economic, social, societal, political, environmental and personal development themes. The first economic dimension promotes the creation

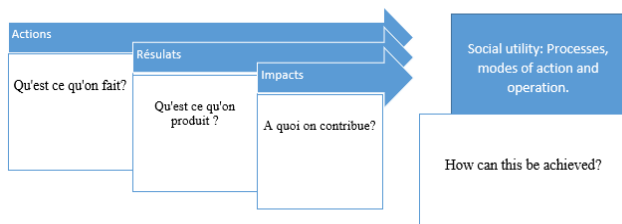
of wealth and services by fostering economic dynamism and saving cooperatives various costs. This dimension also involves the quality and sustainability of jobs, particularly the services provided to the public. Moreover, many forms of wealth are not necessarily financial flows, which will save costs that society would otherwise have to bear. This social utility is based on comparing a real or hypothetical situation with and without the activity, which is difficult to measure. In terms of the second social dimension, we group together various inequalities regarding access to housing, the labour market, people with disabilities, and inequalities in access to services – issues that unfortunately often overlap. These inequalities can also be cross-cutting, involving a specific group of people in any cooperative initiative. Moreover, the initiatives undertaken concern not only people suffering from inequality and discrimination but also the environment. Indeed, several specific areas suffer from significant inequalities, particularly social ones, in deprived neighbourhoods, rural areas and the Global South; this fight against inequality lies at the heart of the activities of many cooperatives. The third dimension is the societal one, where the cohesion of the collective's operating methods reinforces social utility. Indeed, this dimension comprises three main strands: the first strand is social cohesion through the creation of local networks and mutual aid mechanisms; this cohesion can lead to a strengthening and diversification of relational networks in new areas. Indeed, these networks enable the creation of an identity and a spirit of partnership to foster a sense of belonging; the second aspect is citizenship, concerning the ability to be an active participant in society within the cooperative by strengthening members' civic engagement. Moreover, this dimension of social utility emerges through governance models and participatory practices at the operational level; the third pillar, cultural diversity, involves encouraging dialogue between cultures to ensure more intense and balanced cultural exchanges in the interests of intercultural respect and the smooth running of cooperative activities. As for the political dimension, it is addressed in the sense that an objective within a cooperative can only be achieved through an awareness of the importance of the political dimension. This dimension will enable progress by proposing tested innovations to achieve social utility, where the tested action is subject to various analyses, which will strengthen critical thinking and analytical skills on the one hand, and the promotion of values of general interest on the other. As for the environmental dimension, it has social utility, particularly for future generations. It may also result from environmental protection measures, environmental education and, finally, cross-cutting practices that respect the

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<sup>2</sup> LIPIETZ Alain, *The Third Sector. The Social and Solidarity Economy: Why and How?* Paris, La Découverte/La Documentation française, 2001

environment. Lastly, there is the dimension of personal fulfilment, which encompasses actions and practices spanning a wide range of areas relating to living conditions, the capacities and skills for personal fulfilment to build capabilities, and the contexts in which such fulfilment can occur. Broadly speaking, cooperative social utility can be linked to four main aspects: the actions and activities carried out, how these actions are carried out, their production process, the coordination between various actions, and finally the way the organisation operates, as shown in the figure below:

**Figure 3:** The process of creating social utility



*Source: author*

### 3. Challenges in assessing social utility within cooperatives

Social utility, social added value, social surplus or g, ecological utility... There are many concepts, but the objective is a single one: 'collective benefit'. These benefits, arising from the creation of social ties and solidarity, reduce exclusion, precariousness and poverty, which may lead to initial financial assessment requirements supplemented by other aspects linked to the generation of social utility. Before undertaking this evaluation, we must ask: why and what should be evaluated? Which aspects of social utility? And above all, how should it be done?

The assessment of social utility is a challenge for cooperatives but also presents a challenge for all SSE stakeholders in general, of which there are four major ones. The first is to consolidate a solidarity-based development model in order to examine the assessment of social utility for the construction of a cooperative model. However, social utility refers to a system of values that stands in contrast to a predominantly economic- driven approach based on a one-size-fits-all economic model; indeed, this is the very *raison d'être* of a new cooperative model centred on social and solidarity-based indicators. The second challenge is to highlight the cooperative added value in order to affirm and justify this added value to partners such as the State and local authorities, enabling them to position themselves in relation to the

conventional economy. The fourth challenge is to contribute to a shared definition of social utility through certification. Indeed, work on the evaluation of social utility contributes to this joint construction of the cooperative model by identifying indicators, leading to the emergence of a common socio-political agreement. The fourth and final challenge is to enable the various stakeholders to take ownership of the evaluation process, which is generally entrusted solely to public authorities. However, an evaluation involving public authorities and cooperatives will be more credible and readily accepted than a unilateral one; this joint evaluation will enable projects to be monitored and steered, as well as providing accountability for their work, whilst retaining control over the definition of the evaluation framework.

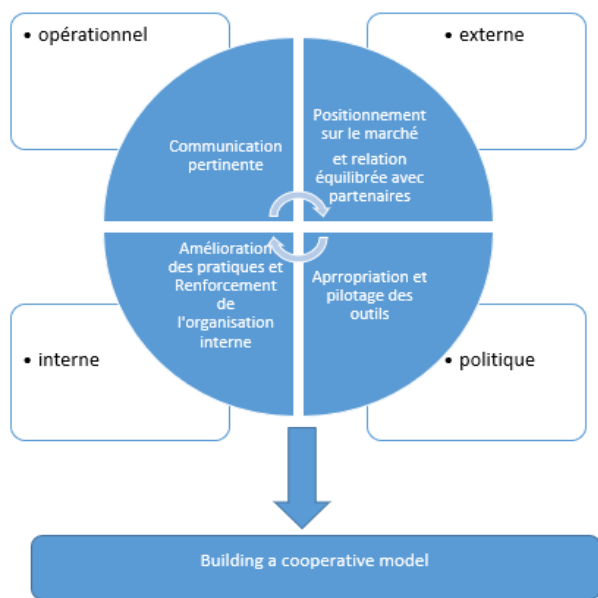
There are, however, several reasons justifying this evaluation, which can be divided into two categories: internal and external. We speak of internal evaluation when assessing actions and effectiveness in relation to objectives, and of external evaluation when assessing external relations with various stakeholders. However, at both levels, a participatory approach is essential, underpinned by shared values and agreements on the concept of social utility, which is a prerequisite for the evaluation's effectiveness, relevance and usefulness.

### 4. Contributions of the social utility evaluation approach: towards a new conception of the cooperative

Before embarking on a social purpose initiative, it is important to consider what social purpose might mean for the cooperative, based on a discussion amongst members, despite any differences of opinion that may create tensions when carrying out activities. Moreover, this approach can help rebuild the cooperative model or lead to the redefinition or re-evaluation of the cooperative project, or at the very least to a re-appropriation of the cooperative's aims in order to align the various actions undertaken with these objectives. Indeed, re-establishing this purpose/objective relationship is highly beneficial for economic reasons and for those wishing to reposition themselves in the market by examining the link between purposes, objectives and actions. Finally, evaluation will enable the optimisation of available resources to best contribute to the aims through a better alignment between actions and objectives; social utility will be reinforced by the development of management and monitoring tools tailored to the structure, with reference to cross-cutting objectives. Thus, this evaluation does not always stem from cooperative motivation but may be required by technical or financial partners and may prove useful to employees in carrying out actions and to directors in monitoring strategic directions.

Moreover, the tools created may take the form of checklists of points to be examined, dashboards to track key indicators, social or societal reports, or monitoring grids, etc. Not only does the assessment of social utility involve a process of improvement for the benefit of the cooperative, but it can also reorient key activities and help understand difficulties in order to enhance the effectiveness and efficiency of actions through better use of resources. Thus, it appears that for better internal and external communication—particularly for cooperatives with numerous complementary activities aimed at achieving social utility—assessment enables a clearer link between objectives and achievements, and requires them to account to public authorities for the resources granted to them. However, when discussing social utility, it is not advisable to limit oneself to achievements but to also assess the cooperative’s contribution to the local area and the environment, based on indicators demonstrating their real social added value, by taking a fresh look at the cooperative or even by shaping a new model of cooperative in a context where the social and solidarity economy sector is better equipped to compete in international markets. Thus, the process of assessing social utility helps to strengthen the cooperative’s positioning, particularly through the values it upholds, which will also enable partners to perceive the organisation as a whole; at that point, cooperatives and partners will enter into a more balanced relationship of exchange. Moreover, the figure below provides a general overview of the benefits of this assessment for the cooperative sector.

**Figure 4:** Contributions of the social utility assessment to the cooperative model



Source: Author

## 5. Approach to social utility assessment from the stakeholders’ perspective

Clarifying the various objectives and challenges of social utility assessment is essential for selecting the approach and methods for this assessment. Moreover, if the main objective is to measure social utility, the focus will be on indicators; however, if the focus is on the generation of social utility, it will be necessary to analyse the causal links between the cooperative and the social utility generated. However, several objectives can be achieved simultaneously within the same process, but it is then necessary to identify the objectives in order to select the most appropriate evaluation method. Indeed, all stakeholders may agree on one or more evaluation objectives that enable some to improve, others to communicate, or even to embark on new activities, as is the case for public partners interested in such evaluations. Nevertheless, care must be taken to choose the right time to carry out the evaluation, depending on the elements of analysis and understanding often linked to specific stages the cooperative is going through. At the outset, for example, the evaluation will help define the organisation’s activities; subsequently, it will enable re reorientation where necessary; and finally, it will allow for a review of the outcome of the initiative. After the initiative has concluded, it will enable the measurement of long-term impacts. Involving stakeholders in the assessment of social impact is essential, as the results of the assessment will carry all the more credibility if a broad consensus has been established. Naturally, partners will take a greater interest in the results of an initiative to which they have contributed, based on their own specific concerns. Thus, if cooperatives wish to strengthen their partnerships, they will involve the various stakeholders in their deliberations, both in their official capacity and, why not, on a personal level, as people’s motivation is key to generating momentum in the evaluation process through mutual listening via an explanatory approach.

Today, aware of the importance of evaluation, it is essential that cooperative leaders are closely involved in the process, on the one hand to scrutinise the organisation’s project, its mode of operation or the choice of its activities, and, on the other hand, to ensure the participation of all stakeholders in order to mobilise them to collect information more regularly and, in particular, to participate in building the cooperative’s social utility, which will facilitate their agreement on a common definition.

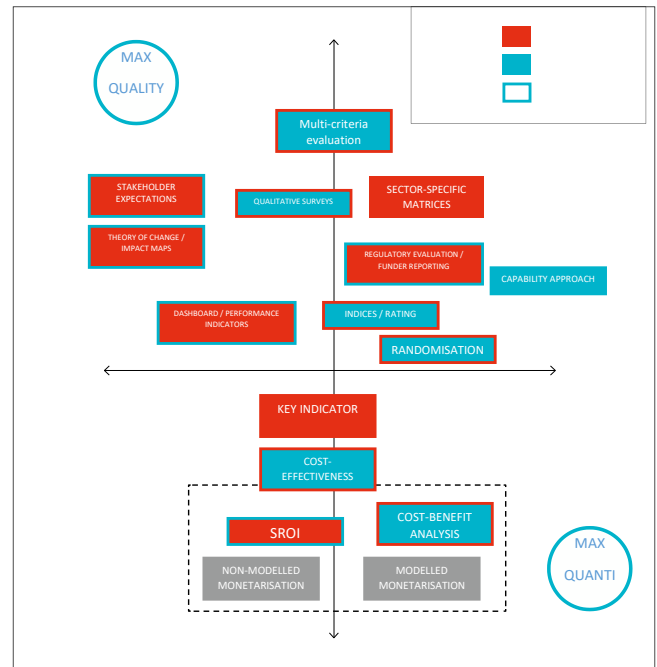
Ultimately, this process may lead to the development of indicators to assess social utility within a partnership framework with stakeholders. Well before proceeding with this assessment, it will first be necessary to identify the

stakeholders who engage in various relationships with the cooperatives using several methods: either through a stakeholder analysis by area of intervention, or based on the typology of operational, funding and institutional partnerships, or through a partnership analysis according to the degree of involvement with the cooperative. Moreover, this process takes place in two phases: an initial phase of defining social utility based on a definition that will serve as the foundation for the assessment, followed by a second phase of developing the process to draw conclusions from the assessment and then share the results. However, there are risks that may hinder this process, as it may reveal internal discrepancies regarding the aims, or lead to a lack of clarity on the objectives, or a mismatch between the aims and the activities implemented—particularly among financial partners—or present a complexity in the process that appears highly theoretical and somewhat unrealistic. To alleviate these concerns, it was necessary to present the approach in order to counter resistance to change by involving stakeholders in the process and by adapting the vocabulary of evaluation and social utility to the participants.

**6. Identification of the general research framework: self-assessment, a progressive approach, rethought at each stage**

Over the past decade, several researchers have undertaken studies on social impact or social utility to measure the added value or values created by actors in the social and solidarity economy (SSE), particularly cooperatives, with a view to guiding cooperatives in evaluating themselves using appropriate methods. All the stages of social utility assessment are mapped out in the figure below:

**Figure 5:** Map of the main methods for assessing social utility



*Source: Higher Council for the Social and Solidarity Economy (2011), 'Measuring social impact'.*

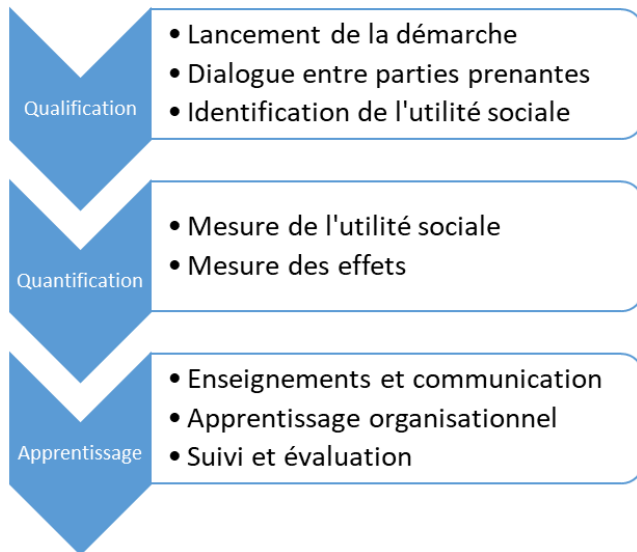
Moreover, an analysis of existing methods shows that the evaluation process comprises at least three main phases:

1. Qualification: or the definition of the social utility to be assessed and its creation process within the cooperative.
2. Quantification: operationalising this process to develop indicators that measure this benefit.
3. Deliberation: this involves securing stakeholder consensus based on qualitative and quantitative data and communicating the results to draw lessons from them.

However, the first qualification phase carries risks associated with an inability to clearly define or agree on the values to be measured, or with the use of standardised definitions and indicators without undergoing a process of adaptation to the specific characteristics of each cooperative throughout the process. Indeed, the qualification phase involves the use of qualitative methods, which prove to be the most appropriate and which are highly diverse in terms of assessing social impact or social utility, drawing on economic and management sciences, particularly within social and solidarity

economy structures<sup>3</sup>. These three phases are outlined as follows in the figure below:

**Figure 6:** Initial approach to the assessment of social utility

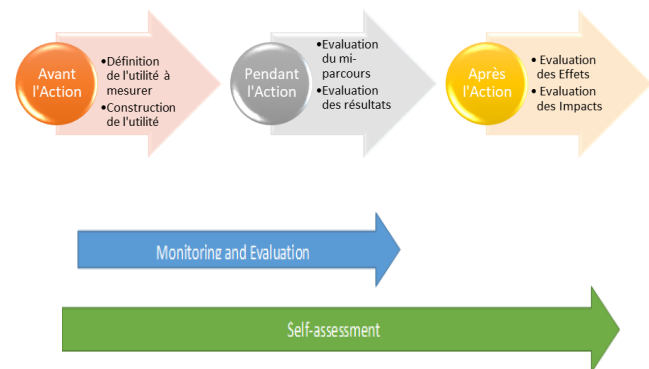


*Source: Author*

In this sense, self-assessment—which is the most suitable and practical method for cooperatives—is part of a monitoring and evaluation approach based on tracking the action or the area being assessed, hence the ease of data collection. Indeed, self-assessment will enable cooperatives to adopt a relevant tool that will strengthen their capacity for reflection and action. However, it would be necessary to take a step back to analyse the data and draw lessons from it, as this is a complex tool that requires a minimum of methodology and rigour to be effective, and which demands a degree of detachment that is difficult to achieve whilst in the thick of the action, especially as the greatest challenge is to operationalise social utility. To this end, cooperatives may engage a facilitator to implement this process. The self-assessment process is not limited in time or space; it takes place throughout the course of the initiative so as to assess its impacts at specific stages. Indeed, before the initiative begins, its aim is to provide an assessment prior to implementation; as the initiative progresses, its purpose is to reorient the initiative if necessary; and towards the end, to compile a social utility report to carry out an impact assessment aimed at analysing the medium- and long-term impacts of the initiative. At the same time, a monitoring and evaluation process, designed to steer and improve the actions, can be carried out throughout the project. The figure below

illustrates the progression of the process during the implementation of actions as follows:

**Figure 7:** Social impact self-assessment process



*Source: Author*

Indeed, the assessment of social value forms part of a collective approach that is fully consistent with the principles of social purpose in the public interest, the non-divisibility of equity capital, good governance and local roots. This pluralistic self-assessment approach is thus based on the integration of practical, on-the-ground knowledge with more academic expertise. Moreover, the added value of cooperatives stems from multiple negotiations arising from the divergent interests and diverse perspectives of all stakeholders. Indeed, the aim is to involve several actors during the assessment processes to take account of the plurality of stakeholders' value systems. Indeed, this evaluation brings together, on the one hand, internal actors within the organisation who draw on their knowledge accumulated through professional experience, and, on the other hand, external actors—in this case researchers—who draw on academic knowledge. In this context, the researcher contributes to the construction of knowledge resulting from the intersection of these different forms of knowledge, hence the significance of this study. Finally, the assessment of cooperative social utility begins, as mentioned above, with a phase of identifying this utility and the stakeholders, which is of an exploratory methodological nature. Subsequently, a clear definition of field techniques enables relevant data to emerge progressively during the evaluation, allowing a transition to collective investigations based on a heuristic framework. This framework enables the definition of methodological choices whilst simultaneously conducting

<sup>3</sup>Agence Phare and Avise (2017), "Experience of social impact assessment".

ongoing monitoring and evaluation, so as not to focus solely on effects and results but rather to move on to impacts.

## **7. Stages of the social utility evaluation process**

This is a flexible approach adapted to changes in the context, where the scope of the evaluation defines the parameters for constructing social utility. Indeed, the choice of scope depends on the objectives targeted, whether relating to a specific action, a field of action, or the cooperative's overall activities and operations, in order to address social utility in its entirety. Moreover, this approach will enable the various dimensions of social utility resulting from the interplay of different fields, both internally and externally, to be highlighted.

Traditionally, the assessment process comprises four major phases. The first step is the development of the approach and the framework, where stakeholders begin by defining the methodology to be adopted for establishing social utility and its criteria. These criteria will be formalised into indicators to develop the assessment tools in collaboration with the cooperative's stakeholders. The second stage is observation, which involves collecting data to populate the indicators. This stage requires the development of procedures and tools for gathering information.

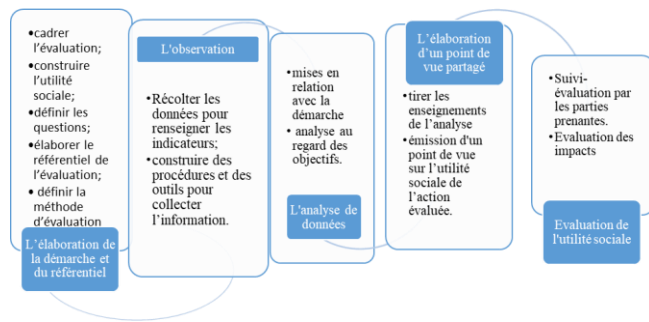
Indeed, the process of assessing social utility is carried out by a small but key steering group comprising managers, directors, cooperative leaders and senior staff for large cooperatives, as well as representatives from public authorities and government departments. It should be noted that this group may be supplemented by academics, consultants or external experts where necessary and provided the required funds can be secured. However, despite the advantage of a small steering group in terms of efficiency, care must be taken to communicate with, raise awareness amongst, and involve other members and partners through sustained internal and external communication, as it is they who will often be responsible for gathering the information – which they will do willingly if they buy into the process without feeling subject to any form of control. It is therefore advisable to launch the process in a small group to provide the basics on assessing social utility, and then to engage the other stakeholders within the organisation. Indeed, this approach is linked to the cooperative governance model to ensure alignment between defining the method and collecting information within the framework of a truly pluralistic assessment. The stakeholders' primary role is to maintain momentum on the assessment by involving all stakeholders, to ensure the timetable is adhered to with specific stages, and to act as a “benchmark”, with each taking responsibility for a specific action despite differences in subjectivity; hence the

need to appoint a point of contact to ensure coordination without acting as a controller, whilst receiving substantial support from those in charge to carry out their task. Nevertheless, to save time, it would be necessary to formalise interim outputs on social utility and the framework of criteria and indicators that will be assessed as the process progresses, in order to further motivate the stakeholders in this ambitious project.

Beyond the set objectives, several contextual factors must be considered when analysing the cooperative's current situation and its relationships with other stakeholders, by examining the cooperative's financial and human resources, its challenges, organisation and structure, its history and development, and its relationships with partners, customers and users. Furthermore, this analysis will help clarify the challenges of the assessment and the possibilities for carrying it out by involving all other stakeholders, with significant mobilisation of the organisation's human and material resources. Clearly, the two stages outlined above—concerning the definition of the approach and the framework, as well as the observation, analysis and construction of the assessed social utility—will lead to the definition of the evaluation framework. At this stage, the third stage, entitled ‘data analysis’, follows on from the collection of data, which is then linked and analysed in relation to the objectives. Moreover, this data collection takes place at specific, regular intervals during the life of the initiative, where data is clearly identified and differentiated with hindsight during collection or in depth at certain stages of the cooperative's life on an annual, half-yearly or quarterly basis, for example: within a cooperative, an annual qualitative assessment or an in-depth thematic assessment of one of the dimensions of social utility will enable the various basic indicators for monitoring and evaluation to be updated. Whether dealing with monitoring and evaluation or one-off assessments, establishing the evaluation procedure allows one to focus on the overall organisation at each stage. In this third phase, several questions arise regarding the collection of information: who is responsible for collecting the information, the frequency and timing of this collection, the presentation and format of the summary of the information collected, and the implementation of a system for testing data collection tools as well as the harmonisation of the collected data. Finally, the fourth and final stage involves developing a shared perspective among all stakeholders involved in the social impact assessment process, in order to draw lessons for analysing and determining the social impact of the initiative under evaluation, as well as to make recommendations for strengthening it. Moreover, this final stage—which is not a stage of compliance or success monitoring but rather a time for sharing between the various stakeholders—represents the cornerstone of building a genuine cooperative model.

Furthermore, the four stages may overlap or take place simultaneously within the monitoring and evaluation framework through a proactive and practical approach, as shown in the following figure:

**Figure 8:** Stages of the social utility assessment process



Source: Author

## 8. Building social utility: a shared vision

The definition of social utility undoubtedly serves as a reference for social evaluation; conversely, this utility stems from a system of cooperative values, taking into account the various perspectives of stakeholders according to their own positioning. Initially, all these concepts are considered to prioritise one of the dimensions of the data in light of the aspects of social utility to be evaluated. Generally speaking, all methods aimed at defining social utility seek to formalise it. Moreover, the first approach constructs social utility simply by either identifying its dimensions or by formalising social utility from a structural or cooperative perspective; thus, they may be deductive or inductive, or both. Furthermore, participants will identify the main dimensions of the organisation's social utility to facilitate the subsequent framing of criteria and indicators. To this end, several facilitation techniques are employed, such as:

- Brainstorming, comprising three main phases: the facilitator's introduction of the topic, the generation of ideas, and finally their analysis.
- The card method, where participants write their ideas on cards which are then displayed and grouped by theme.
- The 'blason' method, involving discussion of the structure in the form of a debate.

In a second approach, stakeholders' contributions are grouped around various dimensions that define social value, in order to

formally launch the evaluation process based on assessed outcomes and impacts, without specifically referring to the actions themselves. Furthermore, this initial evaluation is returned to its producers or to the stakeholders, who will provide their feedback through interviews or questionnaires. Viewed from another angle, social utility is assessed using a third method, which involves conducting semi-structured interviews with the various stakeholders on social utility, then compiling a summary of these interviews to subsequently open a discussion during a meeting with all stakeholders. Furthermore, a fourth approach is possible by examining the cooperative from two angles: meaning and action. This approach is based on questionnaires about the cooperative, exploring meaning through three dimensions: values, purpose, and long-term goals; and action through four: the history of the project, the organisation and its context; its internal and partnership-based operational structure; its activities; and its operational objectives and results. It is, moreover, the juxtaposition of these two axes that enables the construction of this utility in terms of defining indicators; it is inherent in the juxtaposition of the two aforementioned registers: operational objectives for actions and the long-term goal for meaning. A fifth approach, centred on the action or project, involves analysing the cooperative's activities, objectives and aims, and organising the levels of representation of the activity by establishing a link between the objectives, activities and aims in the form of a tree representing social utility. However, the logic of social utility must be ever-present; otherwise, there is a risk of evaluating the project rather than this utility by taking into account internal or external operating methods.

Furthermore, all approaches emphasise the key role of stakeholders in identifying all dimensions of social utility during its development; indeed, the facilitator's role is to probe them on aspects they are unaware of or hesitate to discuss—such as innovation that has social utility—by using grids that present all dimensions of social utility. Indeed, this synthesis will help to highlight the main, multifaceted dimensions of social utility without getting lost in all these dimensions, by focusing on those dimensions to which cooperatives contribute most significantly or which are most representative of their identity. To this end, the formulation of evaluation questions is a key step, as it will define the scope of the evaluation, making it more focused and streamlined by guiding technical choices and evaluation tools. Indeed, all five methods for constructing social utility can be grouped together in the following figure:

**Figure 9:** Approaches to measuring social utility within cooperatives



Source: Author.

In any case, social utility must be defined before indicators are developed, as these will be used to assess it. However, as it is not possible to assess everything, determining the question that the assessment must answer will enable the identification of relevant criteria and indicators. Indeed, when we ask ourselves what we are looking for, it will be easier to find the

information needed to answer that question, and it is from these questions that the criteria and indicators will emerge.

### 9. Developing the framework for the Social Utility Assessment: Formulation of criteria and indicators

Thus, as agreed, the reference point for the assessment is the identified social utility, which will be broken down into criteria reflecting the dimensions of social utility and the cooperative's values, which will be measured by indicators. Indeed, these indicators will be grouped within a framework describing the cooperative's social utility. When the dimensions of social utility are precise and explicit, an indicator must be:

**Figure 10:** Characteristics of the social utility indicator



Source: Author.

Furthermore, each criterion will be translated into relevant and realistic indicators that must be complementary in order to represent the criterion correctly and shed light on social utility. Indeed, most large cooperatives already have the necessary tools to gather information on their activities, such as existing information systems that could be used to formulate indicators in the form of grids or tables, as shown in the table below:

**Table 1:** Example of a grid linking criteria to social utility indicators

Criteria of social utility	Performance indicators	Output indicators	Impact indicators
Employment development	Resources mobilised for job creation	Number of jobs created	Quality of jobs generated by the organisation's activities
Social development	Standard of living of cooperative members	School enrolment rate among members' children Illiteracy rate in rural areas	Quality of living standards
Development of economic momentum	Number of new activities.	Launch of projects.	Synergy with other cooperatives in the area

*Source: Author*

However, it would be appropriate to limit the assessment to a limited number of criteria reflecting the cooperative's dimensions, ensuring that they are meaningful and accessible. Indeed, the framework may include both quantitative and qualitative indicators; however, in order to assess social utility, priority will be given to qualitative indicators. Nevertheless, qualitative data can be quantified through quantitative assessments using measurement tools such as descriptors or rating scales based on observation grids. Moreover, the framework sets out a level of expected outcomes against which the achieved results will be compared, thereby establishing a baseline to facilitate the analysis of the observed results. However, whilst operational objectives can be easily measured using performance indicators, expected outcomes can be difficult to define for themes such as social ties, for which indicators will be presented without a specified expected level. Furthermore, context indicators prove very useful in that they enable:

- A link to be established between the cooperative's actions and the situation in the local area to which it contributes.
- Assessing the impact on the cooperative of the observed changes
- Understanding changes in the context and, subsequently, the relevance of actions
- Putting the results achieved or not achieved into perspective in relation to the set objectives.

Indeed, the results of an initial assessment of social utility will form the basis for the framework of future assessments. Furthermore, the criteria and indicators of social utility will then need to be organised into a framework. In terms of results, we can identify achievements, outcomes and impacts, hence the three levels of indicators sought for each criterion, as shown in the table below:

**Table 2:** Levels of social utility indicators

Outcome levels	Definitions of levels	Action levels	Target levels
Achievements	This refers to what the organisation actually does and how it does it.	Action translated into activity, which in turn leads to achievements.	Operational objective
Results	This refers to what the organisation has produced at the end of its action.	Action produces immediate results, the effects of which are inversely related to the action	Specific objective
Impacts	These are the consequences attributable to the action, but which may be influenced by external factors.	The action contributes to changes, but alongside other factors.	Overall objective

*Source: Author*

Moreover, when analysing the cooperative's contribution, the assessment of social utility focuses on the impacts of the actions. Nevertheless, these impacts, which are vital to the

development of a cooperative model, are difficult to assess. However, this essential analysis of impacts is contrasted with the analysis of achievements and outcomes. Indeed, having these indicators and ultimately enables the reconstruction of the cooperative model whilst emphasising the cause-and-effect relationships at each level. To this end, the framework is used, on the one hand, by applying it to each activity, checking through criteria and indicators whether they are consistent with the social utility of the organisation, a summary of which will be produced. On the other hand, social utility is assessed inversely through a cross-cutting analysis of the organisation's activities and operations, without analysing all activities individually.

## Conclusion

The assessment of social utility is not a form of control but a perspective on social utility. And it is precisely this perspective that will enable the development of a cooperative model whilst recognising the long-term cooperative impacts from a collective standpoint, without seeking consensus, whilst striving to develop them and learn lessons along the way. Moreover, the aim is to foster a cooperative exchange on the evaluation results in order to establish a clear analysis among stakeholders of the cooperative model, leading to a shared value judgement. However, this learning process throughout the evaluation will serve as a foundation for the cooperative and all stakeholders, hence the need for sustained internal and external communication. Moreover, as the process progresses, the summary of the results must be disseminated in the form of diagrams, tables, maps, multimedia materials, a simple slideshow, or any other visual aid that facilitates understanding within the cooperatives. Subsequently, the results of the analysis will be discussed at a meeting with the various stakeholders, leading to conclusions that will be presented and commented on without seeking unanimity. Indeed, the formation of a shared judgement is based on this stakeholder debate, drawing inspiration from cooperative values where every voice carries equal weight regardless of individual personalities.

Following this exchange, the conclusions can be drawn to develop a cooperative model through perspectives in response to the evaluation questions, lessons learnt and recommendations. Nevertheless, the formalisation of the results presents various possible uses and outcomes of this work, regardless of the format chosen for presenting the results. These are presented by proposing a cooperative model with an overview gathered through comprehensive analysis and statistical data, as well as detailed elements enabling a better understanding of the analysed situation via an

evaluation report setting out the approach, results, analysis and impacts.

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