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Comparing Governance Systems in Cuban Cooperatives: A Study of Producer and Worker Cooperatives in Agriculture, Industry, and Services

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8.1 Introduction

Cuba has the second highest number of cooperatives in the Americas relative to population, and also one of the highest numbers of producer and worker cooperatives worldwide relative to population.[1] While most Cuban cooperatives are in agriculture, they are also increasingly observed in industry and services over the last decade.

The importance of cooperatives for the Cuban revolutionary process has varied according to the hegemony gained within leadership by the most emancipatory or transformative tendencies of the Revolution.

[1] After Venezuela (where around 15,000 cooperatives are estimated to be active), Cuba has the second highest number of cooperatives relative to its population in the Americas.

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Nevertheless, cooperatives promotion policies in Cuba have generally been about equality, collective democratic decision-making over shared resources, and solidarity within rural communities and nationally; rather than just serving utilitarian purposes such as easier and more affordable access to inputs and credits, or the ability to enjoy the advantages of larger-scale production and commercialization. Cooperativization in rural communities in '60s, '70s, and '80s was part of integral land reform processes that aimed at providing dignified living standards to rural populations. More recently, cooperativization beyond agriculture has been about overcoming structural problems of the Cuban economy, while recognizing the advantages of cooperatives as a socioeconomic organizational model more aligned with the values of equality, solidarity, and social justice that have guided the revolutionary process.

As a result of these public policies and the wider cultural context, Cuban cooperatives' governance systems have certain features that set them apart from their counterparts in other countries. The frequency of general assemblies is often monthly, rather than quarterly or yearly, and there are other spaces for even more frequent deliberation. General assemblies also have broader mandates than is typical elsewhere, including election of managers and approval of annual production plans, to name but a few. In most cooperatives, there is no clear division of roles between boards of directors and management. Managers as well as administrative workers are generally included as members. In agricultural cooperatives, farm workers who do not own land but contribute their labor in (land or) business units collectively owned by the cooperatives, are encouraged to join as members. Also, by law, worker cooperatives have strict requirements to include workers hired permanently as members.[2]

[2] For non-agricultural co-ops, a wage laborer can be hired for up to three months in a year, and the total number of hired workers cannot be more than 10% of the total number of co-op members (Law Decree 47/2021, Article 81). Following this initial three-month period, the co-op has to offer membership or a "trial membership", which can last for no more than 9 months, after which the co-op cannot continue to hire the person (Law Decree 47/2021, Article 30). For agricultural co-ops, the trial membership period is 90 days and it is stated that work should be done by members, and that wage labor is for temporary work for a limited time only—although the precise time period is not established explicitly (Law Decree 365/2018, Article 46; Decree 354/2018, Articles 54 and 55).

The findings shared in this chapter are based on the systematization of case studies of six Cuban cooperatives in agriculture, industry, and services, which are producer or worker cooperatives, and which have dissimilar ages and membership sizes. Cooperatives were chosen purposely for their democratic and effective governance structures, practices, and culture, while also seeking a variety of organizational forms, origins, and experiences; the location of case study co-ops in or near Havana was decided upon due to logistical constraints.

Common humanistic and participatory traits found in these cooperatives' governance systems are consistent with the humanistic and participatory ethos of the Cuban revolution, which is also analyzed in this article. The latter, coupled with evidence from other empirical investigations of cooperatives and ideology and culture in socialist Cuba, serves to infer humanist and participatory governance in these and other Cuban cooperatives. It is important to note that, while this research focused on identifying the main commonalities and differences among governance systems in select Cuban cooperatives, it did not seek to identify all factors that have led to these particularities.

8.2 A Brief Overview of Cuban Cooperatives

In Cuba, cooperatives only really emerged after the triumph of the Revolution in 1959 (Nova, 2013, p. 279). Very few self-proclaimed cooperatives existed before the Cuban Revolution (Matías, 2010; Fernandez Peiso, 2005), and a few more de facto insurance mutuals or cooperatives formed mostly by European migrants provided services to those groups in the main cities (Vigil Iduate, 2014). Despite the mentioning of cooperatives in the 1940 Constitution—a result of a very short-lived progressive government—they were never legislated.

Like previous progressive governments in the region (Cardenas in Mexico; Arbenz in Guatemala; Vargas in Brazil) and subsequent ones (Velasco in Peru; Perón in Argentina; Allende in Chile; and others), the young Cuban revolutionaries saw in cooperatives great tools for economic and social justice. The promotion of cooperatives—in agriculture and beyond—was announced very early on, in the "Moncada

Program" that guided the first revolutionary measures after its triumph in 1959 (Castro, 1975). Agricultural cooperatives were first created as part of the two Agrarian Reform laws during the first years of the Revolution (1959–61).

Different Types of Cooperatives in Cuba

1. **Credit and Services Cooperative (Cooperativa de Crédito y Servicios—CCS)** since 1960

   ***producer* cooperative of private farmers** (member farmers own and work their land independently)

2. **Agricultural Production Cooperative (Cooperativa de Producción Agropecuaria—CPA)** since 1975

   ***worker* cooperative** of farmers and administrative staff (members own & work land collectively)

3. **Basic Unit of Cooperative Production (Unidad Básica de Producción Agropecuaria—UBPC)** since 1993

   worker* cooperative** of farmers and administrative staff (members work collectively in land obtained from the state ***in free usufruct)

4. **Non-agricultural Cooperative (Cooperativa No Agropecuaria—CNA)** since 2013

   generally *worker* but can also be *producer* cooperative outside of agriculture

Several other pseudo-cooperatives or cooperative-inspired organizations, as well as probably genuine cooperatives also, were short-lived during the first years of the Revolution.[3] But three distinct types of agricultural cooperatives have expanded in different "waves" (Valdés Paz,

[3] For example, worker cooperatives in the sugarcane industry (Sp. "cooperativas cañeras") and consumer cooperatives or community cooperatives in retail (Sp. "tiendas del pueblo"). Also important to note is that, second-tier, territorial-based agricultural cooperatives were experimented with briefly in the 1980s.

2009a; Matías, 2010). Unlike in other socialist countries where collectivization was to a significant degree imposed from above, in Cuba it was largely a voluntary undertaking as a result of the humanist consciousness developed by the Cuban population thanks to the revolutionary leadership and the people's revolutionary practice. These cooperativization waves also made economic sense to most farmers and workers.

In the 1960s, farmer associations were incentivized to convert into producer cooperatives named Credit and Services Cooperatives ("Cooperativas de Crédito y Servicios", or CCSs) in order to increase their access to credit and services from new and stronger state institutions. In the second half of the 1970s and into the 1980s, during the Revolution's "institutionalization" period that resulted in a new Constitution (1976) and cooperative legislation more aligned with state-centric socialism, Agricultural Production Cooperatives ("Cooperativas de Producción Agropecuaria", or CPAs) were promoted as a more advanced form of (worker) cooperative organization, and land reform beneficiaries—many already organized in CCSs—were encouraged to form or join CPAs in order to benefit from larger-scale, more industrialized production (Nova, 2013).

In the 1990s, after the fall of the socialist block—together with more than two-thirds of Cuba's trade, including agricultural input imports and produce exports—big state farms were divided into smaller areas that were assigned to employees to self-organize as worker cooperatives named Basic Units of Cooperative Production ("Unidades Básicas de Producción Cooperativa", or UBPCs) that would acquire state land in free usufruct (Lopez Labrada, 2013). While these emerged as hybrid businesses or pseudo-cooperatives, legal norms have recognized them as autonomous cooperatives since 2011, as part of the ongoing reform process (Villegas Chádez, 2017; Piñeiro, 2014).

Despite several calls—mostly from the academy and since the late 1980s—to promote cooperatives in other economic activities beyond agriculture, it was not until 2012 when "non-agricultural" cooperatives ("Cooperativas No Agropecuarias", or CNAs) were legislated for; even if with an "experimental character" and with a period of "evaluation and pause" since 2017 (Piñeiro, 2018b). Finally, in August 2021, as part of a

package for self-employed workers and micro, small, and medium enterprises (MSMEs),[4] CNAs were legislated for as a permanent—not just experimental—business form.[5]

This long overdue opening to worker and producer cooperatives beyond agriculture was a result of the recognition in key Party and National Assembly (broadly consulted and consensuated) documents—Guidelines and Conceptualization (PCC, 2021)—that cooperatives are to play a key role in the new Cuban socioeconomic model, second to state/public enterprises. Cooperatives are finally understood as autonomous from state interference, as is the practice in most countries—while also representing a more socialized or socialistic form of organization than private enterprises, due to co-ops' democratic ownership and decision-making, and therefore their social orientation. Consequently, cooperatives ought to receive preferential treatment, or "positive discrimination", from the state; and state transfer of economic activities should prioritize this organizational form (Piñeiro, 2014, 2016).

Therefore, cooperatives in Cuba have evolved from being confined to agriculture with limited autonomy from the state, to being able to exercise any (non-fundamental[6]) economic activity without state subordination. However, too many operational constraints remain in place, and the legal framework and institutional ecosystem needed for cooperatives to thrive still has not been established in Cuba, despite being partly referenced in the Guidelines themselves (Piñeiro, 2020a,b; Fajardo García & Moreno Cruz, 2018). In fact, Fig. 8.1 shows how—for reasons discussed elsewhere (Piñeiro, 2018a; Matías, 2010)—the number of

[4] See *Gaceta Oficial* No. 94 Ordinaria published on August 19, 2021. https://www.gacetaoficial.gob.cu/sites/default/files/goc-2021-o94.pdf

[5] Between January 2013 and March 2014, 498 proposals for CNAs were authorized and, of them, around 439 CNAs were created; 421 existed in September 2021; five new CNAs were created in the last three months of 2021 (http://www.onei.gob.cu/node/14684). Since the establishment of the new legislation for CNAs in September 2021, 36 CNAs have been approved—together with 2,276 private enterprises and 49 state/public MSMEs—representing 1.52% of the 2,361 total new businesses (https://www.mep.gob.cu/es/node/3).

[6] "Fundamental" activities are reserved for state enterprises (PCC, 2021, p. 16, 19, 23). "The fundamental means of production in the Model are those that facilitate the socialist State to conduct economic and social development. Its specific composition is determined by the conditions existing in each period" (PCC, 2021, p. 27). Currently, energy, communications, mining, import/export, education, and health are sectors considered fundamental in this sense.

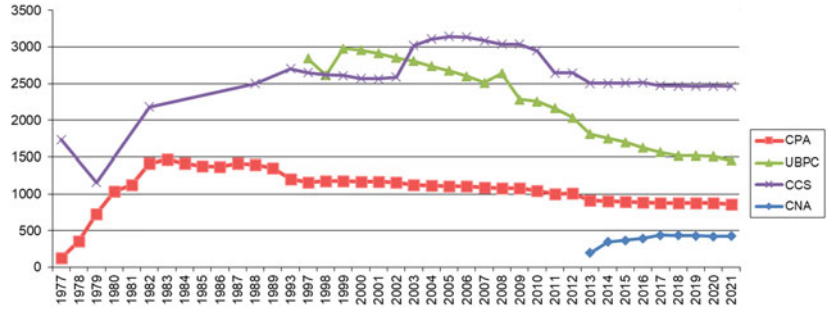

Fig. 8.1 Evolution of cooperatives in Cuba (*Source* author, based on National Statistics and Information Office (ONEI) and Piñeiro [2014])

UBPCs and CPAs worryingly continues to decline,[7] and that CNAs were promoted only briefly. All this occurs at the same time that both Cuba's dependence on food imports and on hard currency from tourism, and the need for socially oriented enterprises that provide decent employment opportunities and needed goods and services, continue to increase (Torres, 2021).

At the close of 2021, the national employment contribution of Cuban co-ops, considering both members (532,100)—shown in Table 8.1 as 11.5% of Cuba's active workforce—and non-members (around 200,000, mostly hired by CCS members) was 15.8% of total employment. This accounts for 47.3% of total non-state employment. Cuban cooperatives accounted for only 1.1% of 462,826 total non-state businesses, including "self-employment" ("Trabajador por Cuenta Propia"—TCP). It is important to note that, since the legislative package for self-employed workers, MSMEs, and CNAs was established in September 2021, 40 new CNAs have been approved, representing 1.6% of the 2,563 total approved new non-state enterprises (MEP, 2022)—a higher percentage that suggests the potential for growth of the cooperative sector in Cuba.

[7] 24 UBPCs and 3 CPAs were dissolved annually up to 2011 (Piñeiro, 2018a). CCS numbers go slightly up and down mainly based on mergers and splits of existing CCSs; although in general CCSs seem to be in better health than UBPCs and CPAs, many are affected by the massive inflow of new farmers who have received land in usufruct since 2008 and are required to establish a relationship with CCSs.

Table 8.1 Key data about different types of cooperatives in Cuba

	# of co-ops*	# of co-op members**	membership % of Cuban active workforce	% of Cuban ag. land***
CCS	2,463	373,841	8.1	37.5
CPA	863	38,776	0.8	7.9
UBPC	1,459	102,283	2.2	23.1
CNA	426	17,200	0.4	n/a
Total	5,211	532,100	11.5	68.5

Source Elaborated by author based on data from: * December 2021 (ONEI 2022) ** December 2019 (ONEI, 2021a and MINAG, in Figueredo & Sifonte, 2019) *** 2017 MINAG in ONEI (2021b); data for CCS includes around 30,000 independent or not associated farmers

Graph 2 illustrates that, while the vast majority (91.8%) of Cuban cooperatives are active in agriculture, they are also active in services, construction, industry (48.4%, 15.7%, and 11.6% of Cuban non-agricultural co-ops, respectively), and other sectors.

Figure 8.2 also shows, within each economic sector, the approximate percentage of Cuban co-ops that have been created out of existing state farms or business units. In agriculture, all UBPCs (or 30% of all agricultural cooperatives) have emerged from the division of state farm areas. Outside of agriculture, 70% of approved non-agricultural cooperatives originated from conversions of state business units. Of all Cuban co-ops, *34% have originated as conversions of state enterprises*.

Another important feature of Cuban cooperatives to note is that, in all UBPCs and most CNAs, buildings or land are leased from state institutions. Some CCSs and CPAs have also acquired land in free usufruct to be labored collectively. UBPCs, CPAs, and CCSs own equipment, while some CNAs rent the most capital-intensive equipment (e.g., buses, heavy machinery, etc.) from the state.

There is no data on Cuban cooperatives' contribution to national GDP. It is known that Cuban agricultural cooperatives produce 70–80% of most crops, even though Cuba is very far from self-sufficiency in most crops that could be produced in the country. This is mostly due to lack of access to inputs, production support services, and capital; as well as the absence of a coherent agricultural system that provides

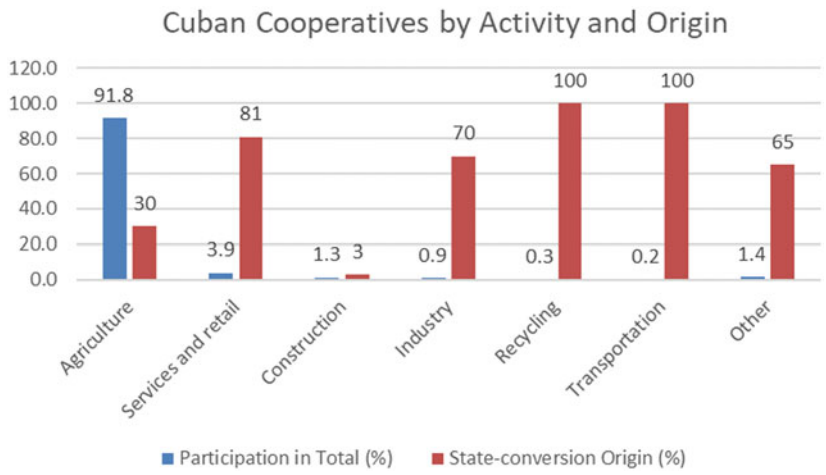

Fig. 8.2 Cuban cooperatives by activity and origin (*Source* author, based on ONEI [2022] and others)

member farmers with the operational autonomy to organize in higher-tier cooperatives to secure needed inputs and services, and to add value via processing and more effective marketing of their production. Beyond dignified employment and badly needed goods and services, cooperatives also contribute significantly—and disproportionally, given their small numbers—to public budgets at the local and national level. According to National Statistics and Information Office (Oficina Nacional de Estadísticas e Información—ONEI) data at the close of 2016, 360 cooperatives provided incomes (advances[8] and patronage) to their members that were 10 times the national average salary, but also contributed in total taxes the equivalent of 70% of those member incomes, or 50% of their surpluses. These cooperatives, despite their total employment amounting

[8] These are the "anticipos societarios" or "anticipos", which reflect the fact that members are not in a wage or dependent relation to an employer. As ICA-AP & CICOPA (2019, p. 87) explain: "In many Spanish-speaking countries, the concept of 'anticipo' is used to emphasise the characteristics of worker-members as the self-employed. Anticipo means the advance payment to worker-members, executed on a regular basis during a business year, which is calculated by anticipating the total amount of annual profits expected. However, as a scheme jointly established by pooling income from all activities conducted through the cooperative, the anticipo is also a way to guarantee a certain level of job security and income so that it may be considered as a kind of wage or salary".

by comparison to only 0.7% of the total employment provided for by state enterprises, contributed 4% of the total amount in municipal governments' budgets for local development (Piñeiro, 2020a, p. 9–10).

In regard to the Cuban cooperative legal and regulatory framework, it is important to note that legislation for agricultural cooperatives (Law Decree 365/2018, and Decree 354/2018 laying out the General Rules) was established in May 2019, finally unifying and standardizing norms for all three types of agricultural co-ops mentioned above. Therefore, Cuban cooperative legislation is now divided in two: one legal regime for producer and worker cooperatives in agriculture (as just mentioned), and another for mainly worker, but also producer, cooperatives outside of agriculture (Law Decree 47/2021).[9]

Along with Haiti and the United States (at the national level), Cuba is one of very few countries in the Americas still without a General Law of Cooperatives that allows for the creation of other classes of cooperatives (consumer cooperatives, including savings and credit financial co-ops; multistakeholder cooperatives; and second/third-tier cooperatives) and that establishes the main institutions of the cooperative support ecosystem required for cooperatives to expand and consolidate. The General Law of Cooperatives, which was announced in 2015 by the then Cuban President Raul Castro, and which has since been restated in the latest version of the Guidelines, is expected to be passed in 2023. This will also establish for the first time a multi-sectoral institution in charge of promotion and supervision of cooperatives in Cuba.

8.3 The Cuban Revolution's Humanistic Ethos and Cooperatives

Before we discuss humanistic governance systems and practices in Cuban cooperatives, it is important to grasp the Cuban Revolution's humanistic ethos and ideology. Cuban revolutionary leaders fought against the

[9] Analysis of the Cuban co-op legislation is beyond the scope of this paper. See Fernandez Peiso (2020).

US-supported dictator, Fulgencio Batista, not only to re-establish democracy, but also to build a more independent and just nation. They were mainly inspired by National Hero, José Martí, and his ideas of equality, social justice, and solidarity (Castro, 1975; Rodriguez, 2018). Martí was a pioneer of humanism in the Americas (Vitier, 2021 [1975]; Guadarrama, 1997; Holmes, 1980), and his statement defending "a cult toward the full dignity of men [and women]" has been maintained as central to the revolutionary ethos and has guided both the 1976 and 2019 Constitutions.

The men and women who led the Cuban Revolution came out of the mountains and urban underground struggle with a close, practical experience living with, or being part of, the historically marginalized communities, which marked their commitment toward social justice, human dignity, and emancipation (Guevara, 1960). In addition to Marti's humanistic legacy, they were infused by Latin American Marxists such as Julio Antonio Mella, Carlos Mariategui, and Anibal Ponce.[10] Fidel Castro's and Che Guevara's understanding of socialism drew directly from Karl Marx and these Latin American Marxists, rather than just from USSR manuals; and thus humans' full development or emancipation was the final goal of the Cuban Revolution from its outset (Vitier, 2021 [1975], p. 113–149, 154–6; Lowy, 1997). "Through his [Che's] contributions, revolutionary Cuban society embraced a distinctively humanistic ethos despite the efforts of others to imbue it with a dogmatic, cold scholasticism" (Kronenberg, 2009, p. 2).[11] Therefore, Cuban revolutionary leaders, academia, and people, in the first decades of the Revolution, quickly transcended bourgeois humanism—which focusses on human beings as individuals in the abstract, separated from society and their social relations—and embraced instead a socialist or proletarian humanism that understands human beings as social beings marked by the social relations in which they go about their daily lives; and that consequently acknowledges the need for radical emancipation

[10] Argentinian Marxist Anibal Ponce's *Bourgeois Humanism and Proletarian Humanism* (1st edition in 1935) and *Education and Class Struggle* were published in Cuba in 1961–2, as per Che's suggestion, and greatly influenced Che's conception of the "new men [and women]" (Massholder, 2018).

[11] For an example, see Guevara (2005).

in practical and not just discursive terms (Vitier, 2021 [1975], p. 134; Guadarrama, 1997; Limia et al., 1997; Veltmeyer & Rushton, 2012, p. 119–150).

For those who reduce the Cuban revolutionary process to an authoritarian one that resulted in a totalitarian or even dictatorial state, it is difficult to acknowledge how much humanism permeates the Cuban revolution's ideology and praxis. Despite the fact that the late USSR socialist discourse of state-centered socialism did make significant inroads in Cuba (Guadarrama, 1997), since Cuba depended so much on the USSR for its own survival vis-à-vis US imperialism and blockade, the Cuban Revolution kept trying to find its own path. Cuba's high scores in the Human Development Index[12] show the Cuban governments' commitment to creating the basic conditions in which men and women can fully develop, such as universal quality education, health, social safety, dignified employment, culture, etc., without which there cannot be true democracy (Aldeguería, 1993). In the context of a very powerful US-funded "Cuba regime change industry" and the most comprehensive and long-lasting system of sanctions worldwide that any country has had to endure (imposed extraterritorially by the most powerful nation on the planet),[13] these achievements only serve to demonstrate Cubans' determination to pursue humanistic goals that put people at the center of public policy (PCC, 2021). This context should also serve to understand of the limits of Cuba's political system and political rights, which should not be seen as an abandonment of democracy and individual freedom.[14]

The Cuban society has strived toward an alternative to capitalism as well as to state socialism and market socialism. Cuba's independence in regard to USSR foreign policy and conscious efforts—while not always fully successful—to avoid Stalinist practices, as well as hesitation to adopt

[12] After Costa Rica (0.810), Panama, Uruguay, Argentina, and Chile (0.851), Cuba ranks #70 worldwide, with a HDI score of 0.783; Cuba has maintained a similar value since 2010. https://hdr.undp.org/en/countries/profiles/CUB

[13] See OXFAM (2021) for a report on the impact of the US "embargo" or "blockade", and Whitney (2016) and Armstrong (2011) for information about the US "democracy and human rights promotion" programs that seek to impose regime change in Cuba via continued funding of NGOs.

[14] For a nuanced analysis of the Cuban political system and democracy in Cuba, see Valdés Paz (2009b, 2020).

the Vietnamese or Chinese economic models, show that Cuban leadership, intellectuals, and people expect the Cuban Revolution to be guided by and to materialize the values of equality, solidarity, justice, and democracy, which can be summed up in human dignity (Limia et al., 1997; Veltmeyer & Rushton, 2012).

Although diminished and reprioritized by the crisis of the 1990s after the fall of the socialist camp, these values continue to live on in Cubans' ethical aspirations, as evidenced in an empirical study conducted in 2013: "The virtues that were stated as the most admired ones were sincerity and generosity and the most intolerable defects were selfishness and deceitfulness, whereas the most perceived values were solidarity and justice and the perceived anti-values were selfishness and double-standard" (Amaro Cano, 2014, p. 10).

Against all odds, the most emancipatory or transformative tendencies of the Revolution have not died and have recently regained some public attention. President Miguel Díaz-Canel has embarked on the revitalization of public programs that seek to address the needs of Cubans in situations of vulnerability, where citizens are seen as protagonists of their own transformation and that of their communities. According to Díaz-Canel, these social programs "are the social base of the Revolution, they are programs that demonstrate the true humanist vocation of the Revolution. [... It's] a gigantic but urgent task that has to do with the growth of Cubans not only in the material dimension, but also in the spiritual one" (Perera, 2022). In the midst of one of its major economic crises,[15] and not without contradictions resulting from very limited policy options, and undoubtedly with many shortcomings, Cuba's socialism continues to be about advancing social justice and human development.

This humanistic ethos and ideology that predominates in the Cuban society has resulted in a public policy and cultural framework from which Cuban cooperatives and their members do not escape. Cooperative legislation decisively asserts equal rights among members, substantive

[15] Resulting from the current global crises, the Covid-19 pandemic, US government increased economic warfare against Cuba, delays in implementing the economic reform started in 2008, and problems arising from implementation of monetary and price policies. See Torres (2021) and Rodriguez (2021).

participation in democratic decision-making, and precludes exploitation of permanent wage labor by cooperatives.[16] In addition to formal norms, ideologies suggest what is perceived as right and wrong, establish values, social norms, and thus regulate attitudes and behaviors. This is very much the case in Cuba with the radical revolutionary ideology reaching—with varied but consistent overall success—most societal spaces (Machado 2004). While Cuba's state-centric socialism limited the expansion and consolidation of cooperatives as well as workers' participation in the management of public enterprises, and even though private capitalistic (based on wage-labor and individual interests) enterprises have grown at a greater speed in the last decade,[17] the social relations that dominate in Cuba are still not capitalistic but largely those marked by cooperation, social commitment, sustainability, and humanism—national and community solutions are still better regarded than individual ones (Hanon, 2019).

Consequently, Cuban cooperatives generally embed formal and informal norms consistent with humanistic and emancipatory values; even though many face serious organizational deficiencies and overformalization of their democratic processes resulting from internal and external dynamics (García Ruiz, 2021; Matías, 2010). All cooperatives have been promoted as means for members to both improve their working and living conditions, and also to contribute to their communities and nation (Piñeiro, 2016, 2014, 2020a; Nova, 2013; Matías, 2010; Valdés Paz, 2009a).

Humanist values are easier to put into practice by members within their cooperatives when they are widely shared by all those who work, either manually or intellectually. All workers deserve to participate in decision-making in their workplaces, and so managers and their management teams ought to also be members. Humanist values can also be

[16] See Law Decree 365/2018 and Law Decree 47/2021.

[17] TCP was expanded in 2009 and allowed to evolve from self-employment to private businesses, while only around 500 cooperatives beyond agriculture were authorized in 2013–2014 and their membership growth was limited in 2017. Consequently, from 2007 to 2020, employment in the private sector has grown from 14.6% to 21.6%, while in cooperatives it has grown from 10% to 11.5% (ONEI, 2021a).

better operationalized when technical and graduate education is available to all, and where there is no idealization of formal education because tacit or practical knowledge is also highly valued. Consequently, humanistic organization thrives when it is recognized that cooperative members can and should have the skills and knowledge to be effective members of boards and management, and when management teams are considered workers whose interests are not intrinsically in conflict with those of other members.

In their study of a rural municipality in central Cuba with five tobacco cooperatives (CCSs and CPAs), Bono and Loopmans (2021, p. 28) concluded with precision that: "Cuban cooperatives have been able to develop their expansive mechanisms of solidarity as a result of the country's socialist political economy, which diminishes competitive pressures and explicitly supports solidarity. Our study reveals that the reverse is also true and that cooperatives are crucial 'cogs' for the nation's solidarity system". They argue that agricultural cooperatives in Cuba have a social and political embeddedness in that they are part of a national food distribution system to satisfy social needs, and of formal and informal norms based on societal values of solidarity—both reciprocity and care for each other; i.e., humanism. Unlike in other countries, Cuban cooperatives are less exposed to degeneration from the market logic that erodes democratic decision-making, reinforces top-down management, permits hiring labor permanently, and increases members' income differentials (Piñeiro, 2016, 2009).

Cuban cooperatives don't just "receive" top-down solidarity, but also "produce" bottom-up solidarity—they are "a center for localized solidarity in communities and villages" (Bono & Loopmans, 2021). They have played an important role, alongside other social organizations and institutions (schools, neighborhood organizations, politics, media, etc.) in fostering solidarity and humanism. Their governance systems are marked by this, and all important decision-making—except for elections—is generally carried out on a consensus basis through the monthly general assembly, which also has the power to elect and dismiss the board of directors, management, and the executive committee (Bono & Loopmans, 2021).

8.4 Findings Related to Humanistic Governance from Six Case Studies

What follows are the results from the systematization of six case studies conducted by the author using the cooperative governance case study guide developed by the editors of this volume.[18] These cooperatives were chosen purposely for their democratic and effective governance structures, practices, and culture, while also seeking a variety of organizational forms, origins, and experiences. Co-ops located in Havana or in nearby provinces were decided upon due to logistical constraints. Interviews and focus groups were conducted between December 2020 and March 2021, when mobility restrictions were in place due to the Covid-19 pandemic.

Table 8.2 summarizes the characteristics of case study co-ops. The six cooperatives are of different types or classes (producer, worker, or multistakeholder), in varied economic sectors (agriculture, industry, and services), and have dissimilar age, membership size, and composition. For more information on these cooperatives, please refer to the forthcoming case studies.[19]

Some of the main features of the six studied cooperatives' governance structures and practices are summarized in Table 8.3 and are expanded upon below.

8.4.1 Governance Bodies

In all studied cooperatives, the executive body of the General Assembly (GA) is known as the "Junta Directiva"[20] or *Board of Directors (BD)*, and it is comprised of members elected by the GA, among them: president

[18] This case study guide was developed as part of the "Governance in Cooperatives—Participatory, People-Centred, Democratic" multi-year project, grounded in research and focused on elevating the understanding and practice of governance in cooperatives. https://www.smu.ca/academics/sobey/co-operative-governance-research-project.html *[Editors' note: the case study guide is available on request from the editors of this volume].*

[19] To be published as part of the ICCM Working Paper & Case Study Series. https://www.smu.ca/iccm/researchandpublications/workingpaperandcasestudyseries/

[20] The current legislation for CNAs, passed in 2021 as part of the legislative package for MSMEs, refers to the GA executive body as "Consejo de Administracion" instead of "Junta Directiva".

Table 8.2 Key descriptive information about the case cooperatives

	CCS	CPA	UBPC	CNA1	CNA2	CNA2
co-op type	producer (+ worker)	worker	worker	worker	worker	worker-producer
economic sector	agriculture	agriculture	agriculture	textile industry	construction	professional services
created in	1979	1983	1998	2013	2013	2014
conversion	no	no	Yes	yes	yes	no
members	406	325	49	67	254	110
women	23%	19%	59%	89%	7%	61%
youth*	25%	26%	30%	30%	19%	38%
province	Artemisa	Artemisa	Artemisa	Havana	Matanzas	Havana
2019 sales	3 M CUP	17 M CUP	15 M CUP	29 M CUP	25 M CUP	42 M CUP
2020 sales	2 M CUP	22 M CUP	16 M CUP	20 M CUP	23 M CUP	65 M CUP

* Under 35

(i.e., board chair), secretary, key management personnel, and members in charge of the most important work areas or departments of the cooperative. BD sizes vary from seven (including two in a non-voting, advisory capacity) to 11 members. Because legislation requires cooperatives to designate a president, a vice president, and a secretary of both the GA and BD, most case study cooperatives have assigned the vice president position to the person in charge of coordination of the main productive activity of the cooperative; while, in some cases, the vice president is a key person in management.

In agricultural cooperatives, BD meetings are generally held monthly, but in one case study they are held weekly. In non-agricultural co-ops, BD meetings are held from monthly to quarterly. In all cases, a BD meeting takes place right before GAs (see frequency of GAs below), to finalize accountability reports to the GA and proposals for decisions to be taken by the GA.

The studied non-agricultural cooperatives—unlike the agricultural ones—have a "Consejo de Administración" or *Management Council (MC)*, because CNA legislation suggests the establishment of a MC in addition to a BD for cooperatives with memberships bigger than 60. Two of the three studied CNAs do find it useful to have a MC so that the BD can concentrate on: (1) strategy, (2) monitoring management,

Table 8.3 Main governance organizational structures and practices in the studied cooperatives

Co-op	governance bodies	CEO role	GA and BD terms	GA frequency	other spaces for participation	Co-op education	member surplus distribution	other stakeholders
CCS	GA + BD + SC	vice "pres."	5 years	monthly	ANAP BO; "organizers" visit members, for communication	in GA, no EC	based on patronage	ANAP, PCC, FMC, UJC
CPA	GA + BD + SC	vice pres. = prod. director + econ*	2.5 years	monthly	ANAP BO; monthly mtgs per work area, for information	in GA, no EC	egalitarian, unless sanctioned	ANAP, PCC, FMC, UJC, local government
UBPC	GA + BD	shared by two prod. directors, one is vice "pres."	5 years	monthly	weekly mtgs per work area, for consensus building	in GA, no EC	egalitarian, for those meeting performance goals	CTC, PCC, FMC, UJC, local governments
CNA1	GA + BD + MC + EMC + SC	manager, participates in BD	5 years	quarterly	biweekly mtgs with all; weekly check-in with work teams, for communication and coordination	all the time, HR is EC	based on results	PCC, CTC

Co-op	governance bodies	CEO role	GA and BD terms	GA frequency	other spaces for participation	Co-op education	member surplus distribution	other stakeholders
CNA2	GA + BD + MC + EMC + SC	manager, partici-pates in BD	5 years	quarterly	monthly mtgs per work area, for consensus building	all the time, EC	egalitarian, for those meeting perfor-mance goals	PCC, UJC, CTC, local governments
CNA3	GA + BD + [E]MC + SC	manager, partici-pates in BD	5 years	quarterly	"coordinators" lead work teams, for consensus building	all the time, pres. leads EC	based on results	CTC, ANEC

GA—General Assembly; BD—Board of Directors; MC—Management Council, EMC—Expanded Management Council; SC—Supervisory Committee; EC— Education Committee; ANAP—National Association of Small Farmers; ANAP BO—ANAP "Basic Organization" or Nucleus; CTC—Cuban Labor Union; PCC—Cuban Communist Party; UJC—Cuban Communist Youth; FMC—Cuban Women's Federation; ANEC—National Association of Economists and Accountants.
* "Económico" in Spanish, similar to a "treasurer"

(3) guiding other committees in charge of social, non-business-related activities.

MCs are basically management teams and can include a head of the council (who could be considered as the manager or CEO), a quality supervisor, an accountant, a human resources manager, as well as marketing and logistics personnel. In all of these cooperatives, the president also participates in the MC in a non-voting, advisory capacity, and consciously tries to avoid monopolizing the meetings. The MC size in these three cooperatives was five, five, and 15 persons; the latter being larger because the cooperative (CNA3) has 10 decentralized work teams, and a representative of each work team also participates in the (expanded) MC.

Two non-agricultural cooperatives (CNA1 and CNA2) also have an *Expanded Management Council (EMC)*, which adds to the management personnel representatives or leaders from the main production areas or work teams, as well as the representatives who lead political and social organizations in the cooperatives (see below under "other stakeholders"). These governance bodies serve to open management discussions to a broader subset of members with different perspectives.

Legislation for both agricultural and non-agricultural cooperatives requires the establishment of a "Comité de Control y Fiscalización", or *Supervisory Committee (SC)*. SC members—generally three—are elected in the GA among members who do not take part in any other governance or management body. Only one of the studied agricultural cooperatives stated that they did not have a SC, but had instead an internal control system and a BD member in charge of internal audits. In the other cooperatives, the SC plays an important internal auditing role and reports at every GA, or at least quarterly, which serves also to educate non-administrative members on administrative matters. As a CNA3 member stated:

> We tried to have the same three members in [the] SC doing all the audits, but it did not work. We decided it was best to have one person [as] head [of] the SC, and have the other members rotate depending on the expertise required by the control tasks being carried out. They participate

> [in a non-voting capacity] in every BD and MC meeting, and can look at any document anytime.

In CNA1, the plan for audits was decided at a GA, and the SC is used as a hands-on learning opportunity for young and new members. "SC members learn by shadowing external auditors; and, if it would not be so costly, we would contract an external audit annually too", said a CNA1 member.

In addition to the GA, BD and SC, and the MC and MCE established in some cases, most cooperatives studied had structured other spaces for members to participate in decision-making, as can be seen in Table 8.3, and as explained below. Only one cooperative had an Education Committee (EC), as will also be analyzed further below.

8.4.2 CEO or Manager Role

In most cooperatives, the traditional CEO or manager role is not clearly assigned to just one person. As with all the administrative staff, the person or persons with a management role is/are cooperative members, and is/are elected by and accountable to the GA. In non-agricultural cooperatives with a Management Council (MC), the person in charge of the MC could be seen as the CEO, but management decisions are actually made collegially among MC members and the president also participates in the MC. Although in all three studied CNAs with MC presidents do not have the capacity to vote, they likely strongly influence MC decision-making process.

As mentioned above, none of the agricultural cooperatives studied have a MC. In two of these cooperatives, the person seen as serving as the manager is either the one who manages the cooperative's finances or the one in charge of production. While in the other, which has two different main production lines (crops and cattle), there are two managers and one of them is the vice president of the BD.

In fact, in all but one of the studied cooperatives, the person who would best fit the CEO role is the vice president. The extent to which the president also serves a manager role—instead of just articulating

the interests of members vis-à-vis the management team—depends on his/her professional background and whether he/she has decided to allow other members to develop their management skills.

Therefore, in the studied cooperatives, there is an overlap and no clear division between the BD and management, whether the latter is a MC or just the person(s) leading the manager role. In all cases, people with management roles or heading the MC also participate in the BD with voting rights. As mentioned, when there is a MC, the president also participates in it, albeit on a non-voting, advisory basis. In all cases, management is elected by the GA, reports directly to the GA, and is also supervised by BD and SC. As explained below, it is important to note that all important strategic decisions, including in the production and management spheres, are made in the GA.

As the UBPC case study president put it: "We don't have a 'manager,' we all manage different things".

8.4.3 Terms for Positions in the Executive Governance Bodies

The terms for positions in governance bodies vary across cooperatives. While in some cases, the terms of service are for two-and-a-half years, in others they are up to five years. In all cases, there are no limits on serving consecutive terms, and members of the BD, and—when in existence—the MC, generally repeat several mandates. The only positions that rotate often are those in the SC, where participation of members with no management or leadership experience is encouraged.

8.4.4 Frequency of General Assemblies

In agricultural cooperatives, ordinary GAs are held monthly, lasting one to one-and-a-half hours; and—given their high frequency—case study co-ops do not typically require extraordinary GAs. In non-agricultural cooperatives, GAs were initially held monthly, but have since moved to quarterly meetings, lasting half a day or longer; they have also had several (up to five per year in one CNA) extraordinary GAs. In two of

the CNAs, the decision to move toward quarterly instead of monthly GAs was related to the cost of bringing together such a large number of members who work in different places. Cuban cooperative legislation establishes that GA must be at least quarterly in agricultural cooperatives and no less than twice per year in non-agricultural ones.

In all cases, GAs are not used just for decision-making, but also to: share information; gather feedback about strategies and plans; and educate members on their cooperative's governance system and main production processes, as well as on the cooperative identity. They are also used as a space to socialize and enjoy recreational time together. As the CCS president put it: "People are not just interested in economic or political matters, but also very much in social ones".

The high frequency of GAs is necessary in the studied cooperatives because all important decisions are taken in GAs concerning: election of all positions in governance bodies; admitting and removing members; changes in internal rules; accountability reports from governance bodies and production units or teams; production plans, budgets, and allocation of surpluses; compensation criteria; loans and credit lines; large procurements, large contracts, etc. Nevertheless, as explained below, the vast majority—if not all—proposals that are put up for vote at the GA are shared well in advance in other spaces for participation, in order to receive feedback and adapt the proposals if needed to achieve the broadest support possible.

8.4.5 Other Spaces for Participation

All studied cooperatives have established additional spaces—beyond the GA/BD/(E)MC/SC—for all members to participate in decision-making and serve different purposes: these spaces particularly encourage bi-directional communication, or consensus building prior to GAs. These opportunities for dialogue occur frequently (i.e., weekly to monthly), and in most cases they engage smaller groups, organized by work areas or teams.

When work is not "collective" (i.e., occurring simultaneously in the same space) and members work by themselves or in smaller groups or

work teams—such as in CCS, CNA2, and CNA3—team leaders or "organizers/coordinators" play a key role also in governance. These "organizers" serve to explain information and proposals provided by the BD, to receive feedback on same, and to allow members to raise any problems they may face or foresee related to operational, strategic, or any type of issues.

During the pandemic, even in cooperatives where work is largely collective—such as in CPA, UBPC, and CNA1—it was necessary to decentralize into smaller work teams. The ability to create or maintain these decentralized work teams allowed the studied cooperatives to continue to hold GAs, and to participatorily agree on strategies and measures to confront the economic crisis resulting from the pandemic. For example, in UBPC, a member commented that: "We did not stop having our monthly GA. We divided it into work teams, and us BD members held six GAs repeating the same [format] with each [team], until it was possible [again] to come all together".

In addition to these smaller meetings of work teams, some of the studied cooperatives where work is largely collective had, or used to have before the pandemic, short (15–20 min) informational meetings with all members that generally happened during lunch or break times on a weekly or biweekly basis. These meetings mostly served to share recent developments and brief updates on economic indicators or a specific topic.

In most CCSs and CPAs, which are promoted by the National Association of Small Farmers (ANAP), there is—resulting from ANAP's organizational work—an ANAP "Organo de Base" (ANAP OB) that serves a similar purpose to the "Consejo Social" (Social Council) in Mondragon cooperatives, i.e., a space where representatives of non-administrative members who are not team leaders can participate and provide joint membership feedback to the BD. A member of CCS explained: "We have the ANAP OB since 2015 and it has help us to learn more about our members' needs and the services that we can provide to our members based on what other cooperatives do. Everything works like a clock thanks to the joint work of the BD, ANAP OB, and SC, always hand-in-hand and guided by the GA".

In addition, another space for member participation was direct one-on-one meetings between the president and any member(s), which could happen spontaneously or in more structured ways. For example, as the UBPC president explained: "If someone has something she/he wants to talk about with me, they know they can find me in my office on Tuesday mornings. And I always stay in my office because it has proven an important space to engage with members".

Lastly, the pandemic expanded a practice that had already started in some CNAs, which is to use closed social media groups (Telegram, WhatsApp, or Facebook) to share information and proposals, gather feedback, and coordinate decentralized work. These digital spaces have allowed for broader and permanent communication and dialogue on all issues related to the cooperatives.

Whether digital or in person, non-protocolary, regular, and informal communication has been key to the effectiveness of the studied cooperatives' governance systems. As a member of CNA1 put it: "The fact that we as leaders and management communicate so fluidly and transparently among [ourselves] and with other members, and that everyone can communicate openly any ideas or concerns, results in... a sense of trust, no need to gossip or talk behind anyone's back".

8.4.6 Education Committee

Only one of the studied cooperatives, CNA2, had an officially established *Education Committee (EC)*, led by the president. This reflects the fact that cooperative education was not among the cooperative principles recognized in the legislation, at least until the latest legislation for agricultural and non-agricultural cooperatives was enacted in 2021.[21] Nevertheless, the other two CNAs do have a member responsible for cooperative education and carry out training activities based on a plan informed by needs assessments. In these cases, the person in charge of education is the vice president (also GA secretary) and the administration member in charge of human resources, respectively.

[21] See Piñeiro (2015) for a lucubration of the reasons why the cooperative education principle was not included.

In CNA2, the EC works as follows, one member explained: "We have a Committee for Education, Training and Communication that has [a] budget and a work plan based on needs assessment[s] and surveys, and [which is] agreed on [at the] GA.... It includes talks with experts on cooperatives, local development, and other topics.... We also see our radio broadcast and newsletter as important educational tools".

CNA1 has focused training activities on young people, via formal training and in practice, to prepare for generational succession and facilitate youth leadership. Also, the cooperative has a member teaching in a technical school where they are hoping to attract graduates to join the cooperative.

CNA3 is more concentrated on everyday practical education, and has adopted a popular education paradigm and methods to advance cooperative values and practices among the membership. As one member explained: "Cooperative education is embedded in every training, meeting and communication. In all these activities, we address how issues are related to the cooperative model, always using popular education and learning-by-doing methodologies".

It is important to note that while agricultural cooperatives did not officially have an EC or a person in charge of education activities, they did have trainings for members, including farm schools, and agreements with relevant technical schools in their municipality. Cooperative education occurred mainly during the GAs. As a member of UBPC explained: "Cooperative education is done in practice, in our meetings. In every GA, two or three articles of our bylaws are read and discussed, serving as reviews. When the heads of the collectives [work teams] provide their reports and the results are debated, they are providing training to themselves and others". Therefore, it is recognized that cooperatives can be schools in and of themselves.

8.4.7 Distribution of Surplus Among Members

Cuban cooperative legislation establishes that members' income—via advances and distributable surplus—should align with: the complexity, quality, and quantity/amount of members' work in worker cooperatives;

or products/results from work (i.e., patronage contributed to the co-op) in producer cooperatives. Depending on the nature of their economic activities, membership composition, solidarity consciousness, and labor market competition, cooperatives may choose more or less egalitarian arrangements.

In both agricultural worker cooperatives studied (CPA and UBPC) and CNA2, distribution of surpluses was egalitarian (i.e., based on time worked)—conditional upon fulfilling production plans or commitments—and not based on differential market or state valuation of contribution. This demonstrates that humanism is well embedded in these cooperatives, where it is recognized that although the results of different work are valued differently by markets and/or state plans (i.e., have different sale prices), this is not an indication of the true value of their work and the effort and skills put forward by members. Indeed, a member of UBPC expressed that:

> We are equal. Our [member] guard's work is as important as that of a technician. We need everyone, and the idea is that everyone contributes their best. It is known that the products from our mini industry have higher prices than those crops that are used to produce them and that truly require more strenuous work in more difficult conditions.

Like with many other agricultural producer cooperatives around the world, CCSs are formed by family farms with different production capacities and contributions to the cooperative, and member compensation is based on their patronage, i.e., how much product they contribute to the cooperative. This CCS has also two areas of land in free usufruct from the state, and a mini-industry where member workers contribute their labor to the cooperative and are compensated similarly.

In CNA1 and CNA3, surplus was distributed among members using the same proportion as applied to advances—based on their work complexity, results (measured in number of units, volume, or services), quality (per evaluation by quality supervisor and/or clients), and hours worked. CNA1 had started with an egalitarian distribution but, with change of president and management in 2017, later decided to change to

an arrangement that is expected to provide more incentives for productivity. CNA3 board members expressed that not all members have enough solidarity consciousness yet to adopt an egalitarian distribution.

It is important to note that, in all cooperatives, there are equitable pay ratios among memberships of a maximum 1:3 differential between the lowest and highest incomes. This was the case for the most part even before the passing of the new legislation that requires it; although in one cooperative it was closer to 1:5 before they had to adjust.

Also, in all cooperatives, all members benefit from goods (food and personal items) and services (transportation to work) provided to members for free or at cost price, in egalitarian ways. And some benefit distribution is based on member needs, such as housing construction or repairs.

8.4.8 Participation of Other Stakeholders

In all the studied cooperatives, organizations representing broader social interests were present via their membership, and in most also within their governance structures. In agricultural cooperatives, nation-wide peasant or labor organizations played a key role in their inception and have continued to be ingrained in their governance structures. Elected representatives of the nucleus[22] of these social and political organizations (farmer associations, labor unions, political party, and mass organizations) are generally invited to BD meetings as non-voting participants.

In CCS and CPA, most members belong to ANAP, an organization that represents the interests of small farmers vis-à-vis state institutions and society, and has been—for the most part—consulted for policies and legislation related to farmers. In most CCSs and CPAs there is an ANAP nucleus with elected members from the cooperative, which serves a dual role—representing members' interests internally vis-à-vis the cooperatives' leadership, and externally vis-à-vis the state. In UBPC, since members don't own land individually or collectively, ANAP is not present. In UBPC, depending on their main crop, the respective

[22] A "nucleus" of a social organization is like "branch" or "local union" for unions, that brings together a small subset of the social organization members.

branches of the national labor union, Cuban Workers Central (Central de Trabajadores de Cuba—CTC), play a similar role to ANAP, and the cooperative secretary is the secretary of the CTC nucleus.

CTC did not play a role in the creation of CNAs (non-agricultural cooperatives). As CTC has reached out to CNAs to have members join, CNA members have gradually increased their participation in the CTC; and when enough members decide to join the CTC, a nucleus is formed within the CNA. In those CNAs that don't have a CTC nucleus, CTC-affiliated members can continue to be active in their previous nucleus or another one nearby. All studied CNAs had CTC nucleuses.

In most Cuban cooperatives, depending on the number of members who decide to join the Cuban Communist Party (Partido Comunista de Cuba—PCC), there might be a PCC nucleus; otherwise PCC members participate in nucleuses in other workplaces; similarly with the Union of Communist Youth (Union de Jóvenes Comunistas—UJC), which is the PCC youth organization, and the Federation of Cuban Women (Federación de Mujeres Cubanas—FMC), which articulates and represents the interests of youth and women, respectively, vis-à-vis the state and society.

Political organization and consciousness are particularly important for agricultural cooperatives, where their food production and other activities are not expected just to provide income and improve living and working conditions of farmers, but also to serve their local communities and feed the whole nation. Agricultural products sold by cooperatives to the state (for social consumption; i.e., food used in schools, hospitals, and distributed to all Cuban families via the rationing system) are generally at prices well below market prices, so it requires a strong social consciousness for agricultural cooperatives and member farmers—particularly in CCSs—to produce for wider social consumption and not just of their local communities. Also, agricultural cooperatives are the heart of many rural communities: providing the main employment option, food for public institutions, social services such as recreational centers to members, and even electricity or water in some cases (Piñeiro, 2014, 2016).

While in CNA political organization is not as widespread as in agricultural co-ops, as CNAs have consolidated, PCC and UJC nucleuses have emerged. Certainly, this was the case in the studied CNA. Two of them had a PCC nucleus and, of these, one had a UJC nucleus too. The other CNA case, which provides professional business support services, had instead a nucleus for the National Association of Economists and Accountants (Asociación Nacional de Economistas y Contadores—ANEC).

It is important to note that, while these social organizations are nationwide and half of the studied cooperatives did not have clear links or communication channels with local governments, social responsibility or commitment to the development of the local communities (Co-op Principle 7—Concern for Community) was well alive in all studied cooperatives. All had partnered with or sponsored several public service institutions in their locality, such as schools, neighborhood clinics, orphanages, hospices, parks, and took on maintenance and some provisioning of these social institutions. Some of the studied cooperatives with activities in construction (UBPC and CNA2) had even built, at their own expense, social institutions such as a grocery store and a medical laboratory (where Covid-19 tests were processed).

Both agricultural and non-agricultural cooperatives contribute with scientific research projects and teaching at local universities and education centers. Also, they try to reduce their environmental impact and help clean natural spaces in their vicinity. During the pandemic outbreak, all of them delivered food and medicines to people at higher risk and provided support to health personnel in their community.

In fact, the UBPC case has gone beyond agriculture and for nearly a decade has been part of a public program to produce construction materials for local government housing construction projects at a very low financial margin. In alliance with the Ministry of Labor, they also employ recently released incarcerated people to support them with their reintegration into society.[23]

[23] These are non-members who could become members. By law, because they are not involved in the main activity of the co-op, they can be employed permanently.

CNA2 received the "Humanism, Sensibility and Solidarity" award from the National Union of Health Workers in December 2021, recognizing their contribution to fighting the pandemic, which included building a molecular biology laboratory in record time, nearly 1,000 blood donations from co-op members, and the remodeling of health community clinics (Perdomo, 2021). Its website reads that the co-op's "main mission is to place the human being at the center of our actions".

8.5 Concluding Remarks

In general, Cuban cooperatives' governance systems are based on "network governance" structures (Pirson & Turnbull, 2011), where boards and management teams—when they exist as separate structures—as well as other governance bodies, are—by law—elected by and accountable to general assemblies. Internal articulation and oversight of members' interests are decentralized—it is not only the task of boards or supervisory committees (which must report to every general assembly), but also of social organizations' nucleuses, work teams, and every member.

Direct participation of all members in the most important strategic decision-making via general assemblies and other smaller and/or less formal spaces, as well as consensus building via deliberation in those spaces, are critical components of Cuban cooperatives' governance systems. General assemblies are held very frequently (either monthly or quarterly; more often than requirements established in legislation), and the time and resources used in these meetings is not seen only as costs of participation, but expenses needed to build community—and therefore trust, shared purpose, and closer linkages—among members.

Cuban cooperatives' humanist governance is also made evident in that every human being who permanently contributes labor power or the fruits of her/his labor, whether manual or intellectual, has the right to become a member of the cooperative. The law establishes strict limits to hiring wage labor and sets a procedure for non-member workers' eventual inclusion in cooperatives' membership. The socialist humanist ethos

engrained by the Cuban revolution, coupled with low levels of competition in most economic activities in Cuba, makes most cooperatives see these limits not only as viable but in full alignment with their values.

True humanism is also about equity and equality, and therefore Cuban cooperatives strive to reciprocate members' different contributions without creating unfair differences in income among them. In the studied cooperatives, the compensation and income distribution range was around 1:3 max, which is in line with legislation but in most cases predated it. In half of the studied cooperatives, distribution of surpluses was egalitarian; though this is not legislated for, so it shows humanism is well engrained in these cooperatives.

In Cuban cooperatives, equality and solidarity is valued not only within cooperatives, but also in relation to the surrounding communities and nation. Cooperatives in Cuba contribute to social security and pay taxes on sales and net revenues at a higher rate than cooperatives in many other countries; albeit at a lower rate than do Cuban private businesses. These contributions to national and municipal budgets are seen as warranted in order to sustain universal provision of basic goods and services by the state. Cooperatives' social responsibility goes well beyond paying taxes and generating decent employment. They directly address community and broader social needs via their main activities (e.g., food production, construction, etc.) and/or via philanthropic activities (Piñeiro, 2020a).

Therefore, the studied cases of Cuban cooperatives serve to further knowledge about humanistic governance systems based on a shared sense of equality, trust, and solidarity among members, which is reflected in the design of governance structures and processes, including income distribution criteria and everyday social and socio-ecological coexistence practices. These are governance systems where structures and processes are participatory, where equality and solidarity reach beyond membership, and where cooperatives see themselves as key actors of social transformation.

These cooperatives exemplify the main *stewardship theory* precepts: that managers can act as stewards of the organization; that boards' main role is not just to control management but to add value or improve its decision-making through dialogue; that there can be a partnership

between boards and management to collaboratively make the best decisions for the organization and its members (see Cornforth, 2004; Melé, 2004). As stewardship theory recommends (Davis, 1998), in Cuban cooperatives, managers are generally part of boards, and in many cases are deputy to the president/chairman; furthermore, they are co-op members, which indicates joint ownership and control rather than the separation of ownership and control presupposed by agency theory (see Cornforth, 2004).

Indeed, in the studied cooperatives, these humanist management or governance—in cooperatives these terms should ideally be used and practiced interchangeably (Novkovic & Miner, 2015)—precepts are taken further. When a management council exists in addition to a board of directors, there is overlap between both bodies. The manager role is generally shared by more than one person. Board and management team members are also members of the cooperatives.

While there is no clear division between boards and managers, the general assembly has greater control of the most important strategic decisions, including some that are not customary for the general assembly to decide upon in other countries, such as the appointment of managers and the management teams, the distribution of surpluses, and the annual production plan and budget. Also, governance structures are more horizontal in Cuban co-ops, since the board of directors and/or the management council—when there is one—include representatives from all work teams or areas.

Because of this overlap between boards, management teams, and autonomous work teams in Cuban cooperatives, the challenge commonly identified in the governance literature of the board "rubber-stamping" management proposals is only really relevant in Cuban co-ops where the general assembly rubber-stamps board proposals. And here is where additional spaces for participation beyond the general assembly play a key role in discussing board proposals, identifying problems, and raising concerns. Without considering these spaces, it might appear as though the members at general assemblies don't challenge board suggestions and that there are no issues to be raised. It should also be noted that Cuban democratic culture is to build consensus and avoid conflict as much as possible. Therefore, in most cooperatives studied, decisions

made at the general assembly had generally been previously and extensively discussed in the different spaces for deliberation, which are not only comprised of subgroups of the membership, but in some cases also the entire membership.

While having a close relationship, or no clear separation, between the board and management can help avoid damaging "defensive spirals" and internal conflict, it creates other challenges simultaneously (Cornforth, 2004). It is important to make space for strategic planning and to not get bogged down with operational issues. In addition to the general assembly, other structures and socialized internal control by all members must ensure that the board and management are responding to evolving members' interests. These are dynamic tasks where Cuban cooperatives in general could do better, though the studied cooperatives demonstrate that it is possible to make advances; this successful adaptation in line with the co-op identity is thanks to widespread, high levels of education and self-confidence among most members.

Not all of these findings about governance systems in the studied cooperatives can be generalized to all Cuban cooperatives. However, since many of their characteristics result from either legislation or a national humanist ethos, or a combination of both, it can be inferred that most other Cuban cooperatives *with relatively mature governance systems* shared them. Moreover, other studies of Cuban cooperatives (Bono & Loopmans, 2021; Valle Ríos et al., 2020; Piñeiro, 2015) corroborate these findings, suggesting that Cuban cooperatives generally share many of these identified humanist governance organizational precepts and practices.

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