Supporting Innovative Co-operative Development:
The Case of the Nova Scotia Co-operative Development System

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Introduction

In recent years, social science research has increasingly acknowledged the role of the social economy in building sustainable communities, and, around the world, co-operatives are recognized as major actors in the social economy. In Canada, the Nova Scotia Cooperative Council has forged several innovations in the past decade resulting in the development of a co-operative development system unparalleled in Anglophone Canada. As part of the SSHRC funded British Columbia-Alberta Research Alliance on the Social Economy (BALTA), this case study was initiated in order to contribute to one of the central research goals of BALTA – namely, to highlight “the scope and characteristics of social economy innovations that are achieving demonstrable social and economic results in other regions” in order to provide lessons and insights for strengthening the social economy in BC and Alberta. Ultimately, this research will inform further BALTA research into the identification of issues, opportunities and constraints for adapting and scaling up successful social economy innovations.

This case study looks at the Nova Scotia Cooperative Development System (NS-CDS) from a complex systems perspective in order to present and discuss a wide range of interacting processes that are involved in the Nova Scotia experience from an alternative theoretical perspective. The primary research question that guided this case study was: What are the factors that have contributed to the evolution, development and outcomes of the Nova Scotia Co-operative Development System (NS-CDS)?

Several qualitative research methods were used to collect and analyze information on the NS-CDS including semi-structured key informant interviews (both in person and via telephone) as well as secondary document collection and content analysis.

1 This case study looked at 6 areas of co-operative development including: 1) development finance; 2) human resources; 3) planning, advocacy and research; 4) policy and governance; 5) community economic development outcomes; 6) accountability and evaluation frameworks.
What is a ‘complex systems perspective’?

Complex systems thinking is a growing area of inter and trans-disciplinary academic study. In general, systems thinking has come to describe an alternative and augmentative way of mentally framing what we observe and experience in the world. It is an alternative to the conventional scientific practice of reducing an entity or subject to its component parts and assuming that these parts behave in linear, rational and predictable ways. In the case of the NS-CDS, we are looking at an example of a complex adaptive system (CAS). The root of 'complex' means "twisted together" (Lawrimore, 2002) and implies diversity - a multitude of connections between a wide variety of elements. The term 'adaptive' refers to the fact that systems, whether biological or social in nature, continually adapt or adjust to their changing environments through a process called feedback, or, learning from experience. Adaptability is vital to the long-term viability or sustainability of any system. The world 'system' or systema, means "organized whole" and refers to a set of connected or interdependent things (Lawrimore, 2002). A basic, yet succinct definition of a complex adaptive system is an organized pattern of relationships (Morgan, 2005).

One of the most important characteristics of a CAS is the interconnection and interdependence of the parts of the system. Thus, in complex systems analysis, it is the relationship between the parts that is more significant than the parts in isolation from the whole. In organizational terms, this suggests that the relationships between individuals and groups of individuals are more important than the behaviour of any individual themselves. Complex systems thinking focuses on the "patterns of interrelationships and on the context of the issues, individual or group" (Zimmerman et al, 2002: 7) and the structures that facilitate relationships.

Another important aspect of complex systems thinking is the idea of nested systems. Each system contains smaller systems and at the same time is contained or 'nested' within larger systems. For example, an individual person may work in a department within a company, which is part of a community, province/state, country and world. Each component or actor is itself a system. The overall system exhibits traits that emerge as a result of the dynamism, patterns of interrelationship, or synergy between the components or actors (Lawrimore, 2002; Zimmerman et al, 2002; Morgan, 2005).

The flow of information is particularly important when looking at complex adaptive systems. Feedback is the term used to describe the flow of information that is "the primary way a system interacts with its environment or other systems" (Lawrimore, 2002. p.2). Balancing, or negative, feedback dampens the effect of change so as to maintain the system in its current or present state and to contain or limit growth.

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2 The proliferation of academic and institutional journals dedicated to complex systems thinking in the area of organizational development alone represents abundant evidence of this. See www.santafe.edu; www.thesystemsthinker.com; www.ecologyandsociety.org; www.emergence.org; www.hsdinstitute.org; and www.plexisinstitute.org for a sample of integrated systems approaches being taken today. Also, see Morgan (2005) for an excellent and fairly current overview of systems thinking as applied to capacity development.
or decay within the system. Reinforcing, or positive, feedback acts to amplify or intensify any given change set in place, leading to greater change in the same direction (Lawrimore, 2002; Zimmerman et al., 2002; Morgan, 2005).

The purpose of this paper is to introduce the idea of using complex systems thinking to understand co-operative innovation and the social economy. Complex systems thinking is a vast and multi-layered field of inquiry, and a thorough complex systems analysis is beyond the scope of this paper. However, the intent is to introduce the idea of complex systems to co-operative and social economy research and point to its potential in understanding the dynamics of social systems in the context of the social economy. In this particular case, the CAS framework provides a unique perspective to examine the nature of the innovation and development processes that have resulted in the success of the NS-CDS and has the potential to provide valuable insights regarding how to apply the lessons of the Nova Scotia case to BC and Alberta.

The Nova Scotia Co-operative Development System (NS-CDS)
The NS-CDS is made up of a network of actors supporting co-operative development in the province. Figure 1 illustrates the actor network as identified through the research.

Figure 1: The NS-CDS Actor Network
At the centre of the co-operative development system is the Nova Scotia Co-operative Council (NSCC) which serves as the primary co-operative development agency in the province. Other actors within the system fall into two general categories: co-operative sector actors and government actors.

Actors within the co-operative sector include: Credit Union Central of Nova Scotia (CUCNS) and the various local credit unions throughout the province; Co-op Atlantic - one of the largest integrated wholesale agri-food operations; the Co-operators Insurance Group; and, individual member co-operatives. All of the actors on the co-operative side of the actor network provide some degree of financial assistance (including members through membership shares) to the NSCC in order to perform its development function. The NSCC works closely with the co-operative actors on various projects and serves to better the economic environment in which these co-ops operate.

The other side of the actor network includes various government actors that support and work with the NSCC in order to advance co-op development in the province. The provincial Office of Economic Development and the Department of Community Services have a contractual agreement with the NSCC to perform the co-operative development function, and in turn provide core operational funding for the NSCC. The NSCC also works with two Crown Corporations, InNOVA Corp and Nova Scotia Business Inc. on specific projects related to innovation and business development. The Atlantic Canada Opportunities Agency is a federal agency that works on specific financing projects with the NSCC.

Both the co-operative and government actors within the system are organizations and agencies involved in co-operative development within the province in varying degrees. The NSCC, in its role as co-op developer, serves as a hub for co-operative development and as the nucleus of the system. As the primary development system actor, it is important to understand the evolution as well as current organizational structure and function of the NSCC.

**The Nova Scotia Co-operative Council**

The NSCC is a member-driven support services organization which acts as the provincial development arm of the co-operative and credit union sectors. All co-operatives and credit unions incorporated within the province of Nova Scotia are entitled to membership in the NSCC. Currently, 84% of all co-operatives and 89% of all credit unions in Nova Scotia belong to the NSCC which translates into the representation of over 300 provincially incorporated co-operatives and 35 provincially incorporated credit unions (NSCC Business Plan, 2006-2007). Members include co-operatives from every sector including agriculture, fisheries, producers, consumers, retail, worker, service based, housing, technology and marketing. The “central” co-operatives within the province are also members of the Council including Credit Union Central of Nova Scotia (CUCNS), Co-operators Insurance Group, CUMIS, and Co-op Atlantic.
The NSCC began in the early 1940s as a branch of the Canadian Co-operative Union and was later incorporated under the Nova Scotia Co-operative Act as the Nova Scotia Co-operative Union (NSCU). With the retirement of the chief auditor and manager of the NSCU, the organization began to falter. However, there remained a clearly identified need for a central organization that could act as an advocate and provide support for the co-operative sector. The NSCU was re-organized in 1986 and re-named the Nova Scotia Co-operative Council.

Some key changes within the provincial government also led to the evolution of the structure and function of the NSCC. In 1999, the Co-operative Associations Act was amended to reflect a shift in government responsibility around co-op development. The provincial government had decided to devolve the responsibility of co-operative development in the province to an external organization, namely the NSCC. This devolution of co-operative development to an external organization was strategic for a number of reasons. As a single agency, the government was in the difficult position of simultaneously playing the roles of registrar, regulator and promoter of the co-operative sector. The provincial government made the decision to retain responsibility for the regulation of co-operatives, but pass the development role onto an external organization with the ability to focus its efforts and achieve its mandate more effectively and efficiently. As a result of such changes, the registration of co-operatives is now in the hands of the provincial Registry of Joint Stock Companies; co-operative regulation lies with the provincial Office of Economic Development; and, co-operative development is now the domain of the Nova Scotia Co-operative Council. Furthermore, with this shift, the provincial government was able to provide additional supportive funding to the NSCC which it otherwise was not able to provide.

Previously in 1998, the NSCC hired Dianne Kelderman as CEO of the Council. At this point, the Council was not actively seeking a CEO, nor was it aware of its future role as a development agency. However, Dianne approached the board with a proposal that the NSCC hire her as CEO with the condition that she would raise the funds to cover her own salary. With a strong business and community economic development background, as well as an aggressive entrepreneurial approach, the new CEO with the support of the Board of Directors and the new development mandate, was able to transform the NSCC into the co-operative development leader that it is today.

One of the primary roles of the NSCC is to assist in co-operative business development at the enterprise level. The Co-operative Business Development Unit (CBDU) consists of a network of regional offices, partners and Co-operative Business Development Officers that provides services to assist and support new co-operative development and to stimulate the effectiveness, growth and expansion of existing co-operatives (NSCC-CBDU, 2006). Supports and services available to both prospective and existing co-operatives include:

- Incorporation assistance
- Business development (including start-up assistance and business planning)
- Law and practices advisory
- By-law development and updating
- Community Economic Development Investment Fund (CEDIF) development
- Seminars and workshops
- Sector-relevant publications, research and information

The provision of basic services (including consultation, incorporation assistance, registration, advisory and support services, etc) comes at no cost to members of the NSCC. However, in order to remain financially viable, the NSCC also provides more comprehensive professional services specific to the co-operative model on a fee-for-service basis.

**Innovations in Co-operative Development – some examples**

In the past decade, the NSCC has forged several innovations that have resulted in a strong and successful co-operative sector. Some examples that will be highlighted in this paper include innovative financing mechanisms for co-ops, as well as innovative co-operative approaches to health care in the province.

**Community Economic Development Investment Funds (CEDIFs)**

A Community Economic Development Investment Fund (CEDIF) is a pool of capital raised in a community through the sale of shares. The money generated from the sale of shares is then invested in new or existing local businesses. In 1993, the provincial government established the Equity Tax Credit to encourage community members to invest in local businesses. The Equity Tax Credit is calculated at 30% of the total investment made, to an annual maximum credit of $9,000 on a $30,000 investment. The tax credit allows equity investment in corporations, co-operatives as well as community economic development initiatives (NSBI, 2001). As a result of the success of the Nova Scotia Equity Tax Credit Program, the Equity Tax Credit Act and the Nova Scotia Securities Commission were amended in 1995, permitting the formation and equity ownership of Community Economic Development Investment Funds (CEDIFs).

CEDIFs were designed to enhance the Equity Tax Credit program and to help new and existing small businesses secure equity through the provision of a personal tax credit for investors. In addition to the 30% tax credit, investments in a CEDIF corporation or co-operative are:

- Partially guaranteed by the province of Nova Scotia
- Pre-approved holdings for self-directed RRSPs
- Able to attract investment through community solicitation
- Able to assist or develop local businesses within the community
According to the Nova Scotia Office of Economic Development,

*Nova Scotians invest more than $600 million annually in RRSPs, but less than 2% of this is reinvested in Nova Scotia.....With CEDIFs, you can keep investment dollars working in your community. Through CEDIFs, you and your neighbours can pool your money and invest in businesses in your community, creating jobs and supporting further economic growth (NS-OED, ND).*

A CEDIF can be incorporated as either a corporation or as a co-operative. It cannot be charitable, non-taxable or not-for-profit, and must have a minimum of six directors elected to a board from its defined community. The province views CEDIFs as an economic development tool specifically designed to support business development. As such, a key criterion is that a measurable financial return be demonstrated. In the past 12 years, a total of 23 CEDIFs have been approved, 8 of which have been co-operative ventures. One study participant referred to CEDIFs as the “vehicle of choice for viable and successful co-operative projects”.

Perhaps one of the most successful co-operative ventures through a CEDIF is the Marigold Community Cultural Centre Co-operative in Truro, NS. As a result of the construction of a new movie theatre complex in a nearby town, the old theatre in downtown Truro was left abandoned. Rather than see this prime space go to waste, a group of local business people and investors transformed the old theatre into a community arts venue – the Marigold Community Cultural Centre Co-operative. Spearheaded by the Downtown Truro Partnership and the Nova Scotia Co-operative Council, a CEDIF was created under the name Truro Investment Co-operative Ltd., through which 150 private investors contributed $950,000 for the revitalization of the abandoned theatre in the downtown core.

The CEDIF proposal outlined a plan for the Marigold Cultural Centre Co-operative including transforming the existing building into 4 main areas: a performance theatre, arts studio and sports hall of fame, gallery lobby and a space for a board room and offices. The business goals outlined in the CEDIF Offering Document included (Truro Investment Co-operative, 2004):

- To provide a year-round arts and cultural venue profiling local amateur and professional talent
- To develop a cultural attraction to stimulate tourism in the downtown core
- To stimulate economic and residential development in the downtown core
- To provide a source of accessible community entertainment.

The real success of the Marigold Centre was the ability to sell the idea to an “ultra-conservative” business community for investment. According to those who were part of the process, it was not an easy task and the business community seemed to challenge every detail of the co-operative plan. However, the Truro Investment Co-operative was able to convince the business community - with the help of partners, friends
and champions within the community - that this community-based co-operative project was worth the investment. In the end, over $1 million in shares was sold in 35 days.

The initial investment money has gone primarily into renovating and updating the building. The Marigold Centre is now run by a facilities manager and executive director who report to the board of directors. The Centre now offers performance arts, arts education, a meeting and events venue, gallery space, a sports hall of fame and even houses the Truro Chamber of Commerce Offices. The Marigold Centre is now a cultural community hub and a major attraction in the downtown Truro area.

**Small Business Loan Guarantee Program**

The Small Business Loan Guarantee Program is a joint initiative of the Nova Scotia Co-operative Council, Credit Union Central of Nova Scotia (with local credit unions), and the provincial Office of Economic Development. It is designed to help establish new businesses, grow existing businesses and empower individual and social entrepreneurs maintain and/or create new employment (NSCC, 2004). The program has four main objectives:

1. To improve access to capital for small and medium-sized enterprises (SME);
2. To serve the financial needs of disadvantaged groups such as youth, women, aboriginals, persons with disabilities, and rural Nova Scotians;
3. To fill gaps in the spectrum of financing alternatives for rural small businesses that are not currently well-served by existing financial institutions;
4. To provide SME owners with mentoring and technical assistance for the growth and development of their businesses.

In 2002, the Office of Economic Development began to look into options for improving accessibility to capital and funding for local small businesses. In the past, government efforts focused on growth oriented export sectors. Lending policies of private banks alienated local small businesses as decisions were based outside of the local context (Dalhousie Economics, ND).

The SBLG Program is managed by a co-operative entity called Investing in Nova Scotia Enterprises Co-operative. The Board of Directors includes representatives from NSCC, CUCNS, the Office of Economic Development, and one credit union member from each of the regions (Cape Breton, Northern, Central and South West Valley). The Board of Directors oversees the program, reports to government, engages in an annual audit, markets and promotes the program, provides training and support to committees and credit unions and continuously works to expand the program.

The program started as a 3 year pilot project with $8 million available through credit unions and a $6 million guarantee from the province. This money is available to co-operatives, private businesses and
other organizations operating for-profit ventures. Financing is available in the form of traditional debt, working capital or lines of credit. The maximum that can be borrowed with a guarantee is $150,000. Business plans are required for new start-up businesses, and financial statements and projections are required for business expansion projects. Terms of the loans include a maximum 7 year loan period and an interest rate (negotiated between the client and the credit union) no greater than 12%. The credit union may also require that the client work with a mentor as a condition of the loan. Mentors are retired executives and professionals from the co-op and credit union sectors. A mentor insurance policy and a signed legal agreement between the parties are required by the credit union if a mentor is involved in the loan (NSCC, 2004).

In the first ten months of the program, 52 loans had been administered valued at $3.5 million, creating 236 new jobs across all regions of the province (NSCC, 2004). The success of the first year of the pilot project led to a motion in Cabinet that the Minister of Economic Development establish the SBLG Program as permanent. The motion was passed unanimously in September, 2004 with the guarantee increased to cover $25 million in loans (Dalhousie Economics, ND). The program currently has $33 million available in guaranteed loans. Of the 245 loans approved to date, 27 have been for co-operative businesses.

**Connecting People for Health Co-operative**

One of the largest innovative co-operative projects currently underway in Nova Scotia is the Connecting People for Health Co-operative, also known as iHRx. The iHRx project is the result of Nova Scotia physician John Ginn’s vision “to provide Canadians with a better system of self-managed family health care” (Connecting People for Health Co-operative, 2007). While the business is still in the conceptual and planning stages, the core concept is to enhance patients’ ability to manage their own health care through secure web-based tools, information and support. For a monthly subscription fee, the services offered will include:

- General health information
- Chronic disease management tools
- Individual key indicator health tracking mechanisms
- Rules-based interactive self-management tools
- Direct contact with health care professionals
- On-line access to personal health records
- On-line support groups
- Moderated discussion forums
- On-line availability of prescription services and medical supplies
A proposal was submitted to the Nova Scotia Co-operative Innovation Council in 2006 (see later section on leadership for more information on the Innovation Council). The proposal was approved for a $4.1 million investment. The NSCC is currently raising funds through the co-operative sector and asking partners (such as CUCNS and the Co-operators Group) to make equity investments into the project. The NSCC and iHRx have formed a new co-operative called “Connecting People for Health Co-operative” in order to launch the project and deliver services to co-operative members. In addition to the financial investment, the NSCC offers an initial marketing and distribution channel for the project through its membership base (including co-operative members within Nova Scotia, Atlantic Canada and the rest of the Canada).

Understand the Success of the NS-CDS
The examples above highlight a few of the successes of the NS-CDS in recent years. In an attempt to understand the evolution and outcomes of the co-operative system in Nova Scotia, this research revealed several key factors that have contributed to the overall success of the NS-CDS.

Co-op Leadership and Social Entrepreneurship
Strong leadership within the co-op sector and the presence of strong social entrepreneurship are major factors in the success of the NS-CDS. Through the research, several leaders within the co-op sector were identified including: individuals currently situated on the NSCC board of directors, a few leaders within the co-op dairy sector (a large and well-established industry in the province), as well as several leaders or co-op champions within government. In general, the leaders identified have been involved in the co-operative sector within the province for decades. However, the research indicates that the transformation and success of the co-op sector in Nova Scotia within the past several years can largely be attributed to the leadership and entrepreneurial drive of a key individual. Dianne Kelderman, CEO of the NSCC, was identified by all study participants not only as a strong leader, but as the primary reason for the development and success of the co-operative sector.

“It’s Dianne that makes the Council work…if we didn’t have Dianne, we wouldn’t be working at the level we are now”

“The credit really has to go to Dianne who has spearheaded the initiatives”

“Dianne…if it wasn’t for her, we wouldn’t even be sitting here right now.”

“With Dianne’s leadership, co-operatives have shifted from a movement to a recognized and respected sector”

The co-op sector in Nova Scotia has always been relatively strong because of its historical roots, particularly in agriculture. However, since Dianne came into the position of CEO, the NSCC has not only grown as an organization, but has been able to raise the profile of the co-op sector within the provincial economy and has maximized the benefit of strategic partnerships.
“The co-op sector was doing fine before, the Council would meet regularly…but we weren’t really advancing…until Dianne came along.”

“The key is the ability to identify opportunities and know how to take advantage of them…Dianne has been able to do that….You’ve got to be bold enough to ask for what you want…Dianne has been able to do things in this sector that were just unheard of before.”

Dianne Kelderman has an extensive background in community economic development and has started and operated several businesses over the past 15 years. She holds a Bachelor of Arts and a Bachelor of Education from Memorial University in Newfoundland, a Masters in Education from St. Mary’s University, a Masters in Community Economic Development from the Southern New Hampshire University Graduate School of Business and an MBA from Dalhousie University. In 1994 she started (and is currently President of) the Atlantic Co-operative CED Institute – known as Atlantic Economics – a firm that specializes in economic analysis and development, related public policy and alternative finance. She is the past President of the Truro Chamber of Commerce, the Nova Scotia Chamber of Commerce and the Atlantic Chamber of Commerce. In the past, she has held the Atlantic seat on the Canadian Chamber of Commerce. She currently chairs the Atlantic Capital Fund Initiative, a plan to create a $100 million equity fund for Atlantic Canada ventures. A self-described entrepreneur by nature, Dianne began her tenure with the NSCC in 1998 with the aim to start delivering measurable results and to develop tools that would advance the sector.

“Everything I do is about creating tools and instruments to make things happen.”

What differentiates Dianne Kelderman from other entrepreneurs is the set of social values that drive her entrepreneurial spirit.

“It is important for me to feel like I am making a contribution and that there is a connection to the bigger picture.”

A social entrepreneur embodies the qualities of a traditional business entrepreneur but is more concerned with achieving a higher social purpose than with generating profit (Thompson, 2002). According to the Canadian Centre for Social Entrepreneurship (2001: 2), social entrepreneurs “combine an entrepreneurial spirit with a concern for the social bottom line as well as the economic one, recognizing that strong, vibrant communities are a critical factor in sustaining economic growth and development”. The unique combination of entrepreneurial drive, astute business skills and high social values is rare in the context of today’s capitalist society.

The combination of existing strong leadership within the co-op sector and the presence of a strong social entrepreneur has created an environment that invites and promotes innovation. In September of 2003,

3 Permission granted from participant to use personal quotations.
the NSCC launched the *Nova Scotia Innovation Council*. The Innovation Council is comprised of a group of leaders and senior decision makers within the co-op and credit union sectors who have agreed to promote, stimulate and manage an innovation agenda within the co-op sector over the long term.

The NSCC’s success in recent years led to the recognition that the co-op sector was in a position to realize significant growth. Following Dianne Kelderman’s entrepreneurial approach to co-op development, it was decided that growth needed to be strategically planned and that co-op leaders and members needed the time, expertise and resources to pursue new ideas. The Innovation Council was set up as a co-operative “innovation think tank” to (NSCC, 2003):

- Look at new opportunities to grow and expand the co-operative economy;
- Highlight and promote innovation already happening in the co-op sector;
- Encourage new thinking, the creation of new products, services and processes that can be commercialized;
- Identify and address barriers to innovation;
- Consider provincial-wide business opportunities that can be done collectively

The Connecting People for Health Co-operative discussed earlier is one of the innovative co-operative initiatives supported by the Innovation Council.

Although strong leadership and social entrepreneurship have been identified as key factors in the success of the NS-CDS, the future of leadership within the NS-CDS was identified as a major challenge. At present, the NSCC has a strong CEO and a strong board of directors. However, the board of directors consists primarily of retired or close-to-retirement aged individuals. When participants were asked to identify any new, young or emerging leaders in the co-op sector, there was a considerable degree of uncertainty and concern. Engaging youth in the co-op sector is a major challenge and as a result there is a lack of leadership on the horizon. When asked how the co-op sector is going to deal with the issue of future leadership, two initiatives were highlighted that are attempting to draw young people into the sector: the NSCC’s Co-operative Youth Leadership Program and the proposed community college curriculum in alternative business models.

Management capacity both within the NSCC as an organization and within the co-op sector was also identified as an area that needs continuous attention. Because the NSCC is a relatively small organization, there are few staff to handle project management loads. The Director of Operations manages the staff within the organization, but the CEO does the overall project management. Given the growth of the organization over the past several years, this has translated into an increasing workload for the CEO.
Advocacy
Advocacy has played an important role in the evolution and success of the co-op sector in Nova Scotia in recent years. Raising the profile of the sector has involved considerable advocacy and lobbying efforts on the part of the NSCC. Although the NSCC’s business development officers engage in co-op advocacy within their regional jurisdictions to some extent, their focus is primarily on assisting new co-ops in their business development. It appears that the primary voice and advocate for the co-op sector is NSCC CEO, Dianne Kelderman. Several study participants pointed to Dianne’s impressive skills and abilities in terms of advocacy. According to Dianne, the success of the NSCC is about timing, pitch, strategy, language and the ability to deliver results. In terms of advocacy, the ability to work different angles at the same time was stressed as an important strategy. Part of the NSCC’s successful advocacy efforts have also been in large part about presenting the co-operative model as a legitimate and viable business model. As Roberts and Woods (2005) point out, social entrepreneurs may use the tools and language of conventional business, but their motivation is quite different from those with a strictly commercial intent.

Partnerships
As discussed previously in this paper, it is the relationships between actors, rather than the individual actors themselves that are important from a complex systems perspective. Relationships and partnerships have been another crucial factor in the success of the NS-CDS.

Several formal partnerships exist within the system. The NSCC has a formal agreement with the provincial Office of Economic Development and the Department of Community Services to provide co-op development services in the province in exchange for core funding. Other signed Memorandums of Understanding (MOUs) exist with several Crown Corporations including Nova Scotia Business Inc. and InNOVA Corp to formalize partnerships regarding business development and innovation within the province.

Beyond formal agreements, the NSCC has managed to forge and maintain successful political relationships which have contributed significantly to the growth and success of the co-op sector in the province. Personal connections have played an important role in establishing political relationships. One individual in particular has provided historical roots and depth to the relationship between the provincial government and the NSCC. Fred Pierce, who is currently a Business Development Officer with the NSCC, was the inspector of co-ops for the provincial government for over 20 years. He retired from his position with the government in 2003 and was hired by the NSCC the same year. Not only does his experience in the co-op sector provide invaluable expertise to the NSCC, but it has easily opened up strategic relationships with the provincial government. As several study participants pointed out, good political relationships are made at the personal level. Because Nova Scotia is a relatively small province both in terms of geography and population, these personal relationships are easily formed.
“It’s easy to find someone in the co-op sector who knows someone personally within government who can talk to them off the record and get things done.”

“The key is small province – small politics. It gives you the ability to have relationships. It’s not difficult to just pick up the phone.”

“Having a small office and a small jurisdiction has really helped with community economic development in general. All the same players are around the table – even when they change positions. There is history here….it would be harder to do the same things in larger jurisdictions.”

In addition to the strong personal relationships, the NSCC puts considerable effort into building and maintaining positive political relationships on an official level. The important finding in this regard is that the NSCC works with all political parties, not simply the party in power. The NSCC positions itself as a non-partisan organization that appeals to all political interests. The Council meets with all parties on a regular basis, independent of one another. As a result of NSCC’s efforts to appeal to all political parties, shifting political environments and changes in government have had very little effect on the advancement of co-op development in the past several years. There are 2 Ex-Officio positions on the NSCC board of directors for provincial government representatives. Although these positions do not have voting power, they do ensure that government is part of all discussions around the NSCC board table. Several study participants pointed to the importance of this in maintaining open communication and strong relationships with government.

An important event in the overall political relations strategy is the Annual Wine and Cheese Reception hosted by the NSCC. The event has been taking place for the past 8 years and serves to highlight the accomplishments of the NSCC and the co-op and credit union sectors. It is also a venue to celebrate partnerships. Over the years the event has grown, with now over 150 people in attendance. The Premier and the full caucus were represented at last year’s event, and representatives from other provinces are starting to attend and take ideas back to their home province. The event is described as a fairly ‘splashy’ affair that puts the NSCC on display and provides a forum for networking.

Discussion
The NS-CDS is clearly an example of a complex adaptive system because it is comprised of ‘nested’ or ‘embedded’ sub-systems or agents (individual actors, participant organizations, institutions) whereby the agents co-evolve and adapt in a relationship of mutual affectation. As in all CAS, the NS-CDS is history and context dependent, in that what exists presently is largely dependent on the initial conditions that precipitated the emergence of the system. All CAS exhibit some means of distributed control rather than centralized control, and the NS-CDS is no exception, given its diversity of contributing agencies that all help to shape the nature and direction of the system as a whole. This process of self-organization is both a function of, and leads to, the emergence of unpredictable phenomena resulting from the patterns of
interrelationships among the agents. As a result, the organizational analysis of this particular CAS will focus primarily on the system structure, the role of social entrepreneurs and leadership, and how examining the case in Nova Scotia can still be relevant to BC and Alberta.

The NS-CDS is a decentralized network of governmental and co-operative actors whose dynamic interplay is facilitated by the NSCC. The NSCC not only acts as the co-operative development agency for the province, but also acts as a central hub that receives feedback from the other system actors and adapts, returning more feedback to the rest of the system. At the outset, it was a shifting government mandate which led to the devolution of co-operative development to the NSCC, and the emergence of the co-op development system as it currently exists. A supportive political environment with existing community economic development programs and initiatives conducive to the inclusion of co-operatives further established the initial conditions under which the NS-CDS could grow from.

Participation in the social economy means using economic mechanisms to achieve social goals, and the ability to use economic means to achieve social ends requires a high level of financial literacy and astuteness as well as moral resolve in order to be effective. One of the strengths of the NS-CDS is the structure of monetary energy flow, or the financial tools available for co-op development. The specific financial tools designed for co-op development serve as the gears that control the movement of the system; and the human resources, headed by solid leadership and a key social entrepreneur, are the fuel that keeps the system moving forward. Well-designed financial mechanisms and the leadership to either create or leverage them are important factors in co-operative development in particular, and advancing the social economy in general. Innovations such as the CEDIFs and the Small Business Loan Guarantee Program represent the emergent phenomena that result from the system process of generating and exchanging feedback, which sparks change within the system that then self-organizes in a unique and unpredictable way to create a new layer of complexity and connectedness within the system.

Although no other system would self-organize in this exact fashion, much can be learned by studying the patterns of interrelationships between the various government actors, the co-operative actors, and the mix of the two groups. It is evident how social entrepreneurs such as Dianne Keldman benefit greatly from direct access to power structures such as government ministries and departments in addition to supporting actors in the business and cultural sectors. The financial tools and innovations found within the NS-CDS can serve as models for design and application in other contexts. Indeed, well-designed financial tools in combination with a strategic web of supportive relationships increase the potential for success and the long-term viability of the system.
Resilience is an important aspect of CAS. According to Folke et al. (2002, p.438), the long-term viability, or internal sustainability of any system, is contingent upon the level of resilience within the system. Resilience, for social-ecological systems, is related to:

1) the magnitude of shock that the system can absorb and remain within a given state;
2) the degree to which the system is capable of self-organization; and
3) the degree to which the system can build capacity for learning and adaptation.

Although a full analysis of the resilience of the NS-CDS is beyond the scope of this paper, some observations can be made regarding the structure of the system and what this potentially means for social innovations elsewhere. First, leadership represents both a strength and a vulnerability within the NS-CDS. The presence of an influential social entrepreneur with the skills and abilities to identify and take advantage of opportunities, create tools, and forge innovation within the sector has led to the success and evolution of the system. However, the lack of new and emerging leaders threatens its continuation in the long term. Secondly, the establishment of legal agreements and MOUs between various actors serves to strengthen the connective fabric within the system. These agreements ensure that the system continues to function regardless of changes in staff or individual participation. The fact that the NSCC has forged strong ties with government in general as opposed to any particular political party indicates that the NS-CDS can withstand shifts in political environments.

The diversity of interrelationships among actor groups mediated within the NS-CDS by the NSCC suggests a high level of capacity for self-organization, and the capacity for learning and adaptation is evident in the study participants’ awareness of the disproportionately large role of one particular actor at the centre of the system. If the system is thriving in large measure because of one person, then a fresh look at how leadership and agency within the system is cultivated and developed would be useful. It is apparent that the leadership that does exist within the NS-CDS is part of an aging demographic. It is therefore critical that new leadership be built and cultivated in order to ensure the continued success of the co-operative sector.

The NS-CDS is nested within a unique set of historical, political and geographical systems. As such, the NS-CDS cannot be looked at in isolation from its context. Historically, the province of Nova Scotia has strong roots in the co-operative movement, particularly in agriculture. This historical context has led to a political environment conducive to supporting the co-operative model as the province has had to rely on community-based models of economic development in times of economic hardship. Furthermore, the relatively small geographic area and population size of the province have enabled the development of the co-operative sector through close personal and organizational networks and relationships.
Conclusion

A co-operative development system in any other region in Canada would necessarily look very different. However, there are certain lessons, insights and models from the Nova Scotia experience that may prove to be useful in other regional contexts. For example, specific financing tools and organizational structures found within the NS-CDS may be used as models and adapted for use in other areas. For the purposes of determining the applicability of the NS-CDS model to British Columbia and Alberta, further research will need to be conducted in order to determine the opportunities and constraints for adapting and scaling up specific tools and models for co-operative development.

Finally, although limited in this case study to an exploration of the actor network system and the role of relationships and social entrepreneurship, the complex systems framework presents considerable opportunity for understanding the role of innovation in social economy research and development. Beyond focusing exclusively on relationship dynamics, particularly promising areas of further complex systems analysis include: leadership for social change, the process of social learning, and communities of practice. Together, across disciplines and conventional social boundaries, complex systems thinking and social economy research can help to transform our understanding and practice of sustainable community development.

References


