

Johnston Birchall — A Giant of Co-operative Scholarship

Nick Matthews

When I heard the news that Johnston Birchall had died I said in *Co-operative News* that, "There is no doubt that the UK movement has lost one of the great co-op advocates. Everyone who knew him and his work across the global co-operative movement will mourn his loss. Fortunately, he leaves a tremendous body of incredibly valuable work as anyone looking through his dozens of publications will testify".

His contribution to the thinking about co-operatives was indeed immense. He was a prodigious champion of the co-operative and mutual sector, with a level of knowledge and understanding that will be very hard to replace. There is not a week that passes, when something happens in the co-operative world, that I do not ask myself what would Johnston make of that?

After studying at Oxford, he did a PhD at the University of York, and spent five years as a housing association manager, before becoming an academic, ending his career as a Professor Emeritus in the Social Sciences Department at the University of Stirling. He dedicated over 25 years researching issues related to stakeholder participation in co-operatives, mutual and public service agencies. I think his time as a manager meant that his work was always informed by the practicalities of running actual co-operative or mutual businesses.

Johnston was the author of more than 60 academic articles and chapters, as well as many influential reports for the ICA, the ILO and the UN, these included *Co-operatives and the Millennium Development Goals* (2004), *Resilience of the Co-operative Business Model in Times of Crisis* (2009), and *Resilience in a Downturn: the power of financial co-operatives* (2013). His scholarly work made him a thought leader for co-operation internationally and his books should line every co-operator's study. Key works include *Building Communities the Co-operative Way* (1988; re-issued 2014) then, the first book that introduced me to his work and got me thinking about co-operatives more holistically, *Co-op: the People's Business* (1994), followed by *The International Co-operative Movement* (1997), *People-Centred Businesses: co-operatives, mutuals and the idea of membership* (2011), and *Finance in an Age of Austerity: the power of customer-owned banks* (2013).

In 2014, when I was Chair, he produced a great piece of work for Co-operatives UK on *The Governance of Large Co-operative Businesses* which should be compulsory reading for all Directors of large co-operatives. His thought-leadership meant that he consistently recorded ways of thinking about co-operatives, as illustrated by his work on multi-stakeholder co-operatives. One of the many things I admire is that whilst his work is informed and contextualised by the history of the co-operative movement, it was always contemporary. He appreciated what was eternal in co-operative values, but he also understood that co-operatives and mutuals have to adapt to make themselves relevant to changing times.

In a way, much of his oeuvre is a prelude to *People Centred Businesses* (2011) which deals with the key issue of member-owned businesses as opposed to investor-owned businesses. The key question that underpins his later work is: what is membership and what does it mean to be a member in a 'member-owned' business? Looking at co-operative and mutual businesses through the lens of membership proved to be a very fruitful road to go down. In a very concise article for this *Journal*, A 'member-owned business' approach to the classification of co-operatives and mutuals (2011a and this issue, pp. 148-161) he distilled down his thinking about the role of membership, from the evolution of co-operative principles. If you have read nothing else by Johnston, I warmly recommend this piece.

Having heard Johnston speak on many occasions, I can clearly hear his voice in my head as I re-read it before I write this appreciation. He was someone who had a clear picture of what he thought, and wanted to say, yet he was always open to discussion, and he was very generous with his time when sharing his ideas with those with less knowledge or experience. In the article, he provides a taxonomy of co-operatives and, as only someone with his record could do, he critiques the existing co-operative principles. He outlines a new approach to the question of how to define a co-operative “suggesting that an understanding of co-operatives as ‘member-owned businesses’ has distinct advantages over the traditional approach of checking candidates against seven co-operative principles” (2011a, p. 15).

As every co-operator knows, co-operatives are defined according to co-operative principles through an identity statement endorsed by the International Co-operative Alliance (ICA). In the article, he argues that too much is taken for granted in this process; a fresh approach is needed. He provides a brief history of the co-operative principles, shows how the ICA has codified and periodically revised the principles, and discusses several difficulties with this approach.

Johnston suggests an alternative way to define a co-operative based on the concept of member-owned businesses (MBOs). Three main stakeholders are identified, consumers, producers and workers, and the different types of co-operative they create are put into a comprehensive classification system. Possibly controversially co-operatives are placed firmly in the category of ‘private sector’ rather than in other categories, such as community-owned businesses, that privilege the social over the economic. Furthermore, he presents the case for co-operative federations to adopt a member-ownership framework, to extend a welcome to other types of member-owned business, and through this approach align their membership and business strategies.

Whilst he does not suggest that the current principles should be superseded, he states that the first four principles are what define the core co-operative identity, and are compatible with competing sets of principles that are used by some worker and producer co-operatives. His brief history of the evolution of the co-operative principles points out their pragmatic nature, and that the first four define what a co-operative is, while the last three indicate how we would like co-operatives to behave. Moreover he reminds us that, by their nature, the principles are more applicable to consumer rather than to worker or producer co-operatives.

In a way, the idea of membership as ownership is still the hardest thing for co-operatives to describe and explain to both putative members and, often, to their existing members. Making membership meaningful is a perennial challenge. What is helpful about Johnston’s approach is that by using membership as the key relationship he helps us think more clearly about what that implies in terms of the benefits of membership, how members exercise control over the enterprise, and what the implied governance issues are.

Some of the confusion about the nature of membership is caused by investor-owned businesses promoting something that looks like membership as a form of driving customer loyalty through what appear to be extra rewards for joining their members’ club. One other challenge, particularly in very large co-operatives with many members, is that different members want different things from their co-operative and have different expectations from membership. As Johnston says, there is one simple measure that provides a test of whether a MOB is successful or not — member benefits. By this he means that the role of membership and how it feeds into the governance of the co-operative is key: if members do not receive enough benefit or understand the impact of their benefit on the economics of the business or their responsibility in supporting the health of the business then a co-operative will fail. Benefit itself is, of course, a balance between individual and collective interests (economic self-interest and the pursuit of shared values and goals); getting the balance right is a challenge.

Once you get the idea of placing members at the centre of your thinking about co-operatives and mutual businesses many of the things that we think complicate the management, governance, and functionality seem to evaporate. As a tool to think about the key issues of purpose, member engagement, and governance a member-centric approach is invaluable.

Johnston goes further and argues,

There are several advantages to the member-owned business approach, but perhaps the most important is that it provides a clear classification system for co-operatives and similar businesses worldwide. This might be the starting point for a project on co-operative statistics that is urgently needed if the current impact and future potential of MOB's are fully to be appreciated (p. 15).

This golden thread of membership, "should also enable co-operatives to unify their work on membership and governance with their business strategies" (p, 5).

However, Johnston was a realist and has a word of warning for us in the conclusion to *People Centred Businesses* (2011):

There have often been theorists who, on discovering the idea of a member-based economy become excited about its potential to cure many ills. They see it as a replacement for capitalism, a solution to globalisation, a way of creating sustainable economies, a key to unlocking the economic potential of developing economies, and so on. At its best [member ownership] may contribute to all of these, and it is a vital part of some important social movements, but it is not in itself a movement. We have to appreciate the potential of member-ownership but not put more weight on it than it can bear (2011b, p. 210).

As the ICA begins a fresh round of consultation on the co-operative principles it was Johnston who pointed out that, "It would seem self-evident that this approach, whereby the ICA has custody of the definition of a co-operative and periodically subjects it to reflection and revision, has validity and is the obvious way to generate a definition of a co-operative" (2011a, p. 6; this issue p. 151). It's rather sad that he is not here to take part in this latest iteration.

Finally, Johnston had a passion for jazz and, as with all great jazz musicians, he was able to take an underlying theme improvise around it and come up with something new and exciting. He was a lovely man, genial and thoughtful, excellent company after hours at co-operative events, and a great source of co-operative wisdom. I miss him. The whole co-operative world will miss him.

The Author

Nick Matthews is a director of the Heart of England Co-operative Society, and Senate member at the Co-op Group. He has recently retired (2020) from his term of office as Chair of Co-operatives UK. He is, amongst other things, reviews editor for the *Journal of Co-operative Studies* and a 'serial co-operator'.

References

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