

Society for Co-operative Studies

Bulletin 12 March 1971

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Reports from the Regions

Metropolitan and South

Joint Convenors:

MR. W. J. PHILPOTT, B.SC.(ECON.), M.B.I.M.,
Head of the Department of Management and Merchandising,
College for the Distributive Trades.

MR. JOHN WALKER,
Food Trades Officer,
Luton Industrial Co-operative Society.

At its January meeting the branch discussed a comprehensive report on comparative statistics prepared by Mr. A. Teasdale of the College for the Distributive Trades. The object of the report was to measure Co-operative trading performance against that of the Movement's principal competitors.

Following a paper given by Mr. J. R. Walker on the effects of the Selective Employment Tax, the branch is hoping to prepare a discussion paper on this subject in the spring of 1971.

North

Joint Convenors:

DR. J. STEVENSON, PH.D., IUR.D., B.A.(HONS.),
Principal, Monkwearmouth College of Further Education.

MR. P. HARTY, snr.,
Education Officer, North Eastern Co-operative Society,
Newcastle Division.

No regional activity has taken place since the last issue of the *Bulletin*, but a meeting will be convened shortly to discuss future activities.

North-West

Joint Convenors:

MR. J. F. ROPER, M.A.,
Faculty of Economic and Social Studies,
University of Manchester.

MR. F. BRUCKSHAW,
Editor,
Co-operative News.

At the meeting of the branch held in November Mr. Limited, Chief Executive Officer of Co-operative Retail Services Limited, addressed the members on "A National Society". Discussion on this topic was continued at the January meeting when Mr. J. H. Perrow, Chief Officer of the Bolton and Wigan Society, spoke on "A National Society: Another Viewpoint". Both these meetings were well attended and received useful publicity in the "Co-operative News".

Yorkshire and Humberside

Joint Convenors:

MR. T. E. STEPHENSON, B.A. (DUNELM)
Department of Management Studies,
University of Leeds,

MR. S. P. CLARKE, C.S.D.,
Secretary and Chief Executive Officer,
Bradford Co-operative Society.

The continuing meeting of the Society held at Leeds University under the diligent care of Mr. Stephenson has proceeded. During the year, this group has been considering the decision-making process in management, particularly in the light of emerging regional societies. This year it is hoped to extend this study from senior to middle management.

In October Mr. D. L. Wilkinson resigned as Secretary on his appointment as Research Officer for the Co-operative Union; his successor as Sectional Secretary, Mr. G. V. J. Pratt has now assumed the regional Secretaryship.

Scotland

Joint Convenors:

DR. T. F. CARBERY, M.SC.(ECON.), D.P. A.,
Senior Lecturer, Department of Commerce,
University of Strathclyde.

MR. G. R. GAY, J.P.,
President, St. Cuthbert's Co-operative Association.

At the meeting of the branch held in October an address was given by Professor Noel Branton of the University of Strathclyde's School of Business and Administration. The topic was "The Teaching of Co-operation and Co-operative Studies in Higher Education". This was a most stimulating address and as a result of the meeting useful publicity was achieved for the Society.

Current Co-operative Studies and Research

Information on the current contribution by Universities and Colleges to co-operative studies and research has been given in previous *Bulletins*. The following notes now give a comprehensive list for the session.

COURSES COMPLETED OR IN PROGRESS DURING SESSION 1970/71

North-West

University of Manchester in association with Co-operative Union Section: a course on "Management in Retail Distribution" for senior officials.

Manchester University in association with Co-operative Union Section: a course for directors on Regionalisation and Integration of Co-operative Societies in Britain and Europe.

Yorkshire and Humberside

Leeds University in association with Co-operative Union Section: the first year of a three-year course for chief executive officers has now been completed. The second year will cover "Decision Making Areas", "Regionalisation" and "Merchandising and Marketing".

Scotland

University of Glasgow Extra-Mural Department in association with Co-operative Union Section: courses for board members in the Glasgow, North East and Border Districts.

Under discussion: courses for board members in the Falkirk and Ayrshire Districts.

Glasgow University Extra Mural Department in association with Co-operative Union Section: a six-week course for senior officials commenced in October at Kilmarnock Technical College.

Glasgow University Extra Mural Department in association with Co-operative Union Section: a six-week course for senior officials commenced in October at Motherwell Technical College.

Under discussion: courses for board members in the Borders, East of Scotland, Fife, Glasgow and District, and North East.

South-West

Bath University of Technology in association with Co-operative Union Section: a long-term course for departmental managers.

RESEARCH IN PROGRESS

Yorkshire and Humberside

Leeds University: Level of Decision-making in the Board Room.

Mr. T. E. Stephenson.

Role of the Chief Executive Officer. Mr. T.E. Stephenson.

North-West

Manchester University: Business Ratios in Co-operative Societies.
Mr. J. Roper.
The Co-operative Movement in Sweden.
Dr. A. Wilson.

Keele University: Democratic Participation in a Co-operative Society.
Mr. J. Whitfield.

Manchester College of Commerce: Capital Expenditure Decisions in Retail Co-operatives. Mr. D. Hopwood.

The Degree of Member Participation in West European Co-operative Movements. Mr. D. Smythe.

Scotland

Heriot-Watt University: Labour Relations in the Consumer Co-operative Movement. Mrs. J. Paterson.

Strathclyde University: Co-operative Accountancy. Mr. L. Oakes.

Reasons for declining member participation in Co-operative Societies in West Central Scotland. Dr. T. F. Carbery and associates.

Co-operative Business Finance. Mr. E. E. Canaway and associates.

Information about research and courses in progress or in prospect will be welcomed and should be sent to the Secretary, Society for Co-operative Studies, Stanford Hall, Loughborough, Leicestershire.

Annual General Meeting and Conference

16th-17th April 1971

THE ANNUAL GENERAL MEETING AND CONFERENCE OF THE SOCIETY will be held at the HUGH STEWART HALL, UNIVERSITY OF NOTTINGHAM on FRIDAY and SATURDAY, 16TH/17TH, APRIL 1971.

The programme will be as follows:

Friday, 16th April

- | | |
|-----------------------|---|
| 4.15 p.m. | Afternoon Tea |
| 4.45 p.m. - 6.30 p.m. | First Conference Paper: "Co-operative Capital Problems" by K. A. NOBLE, Director c.w.s., and R. A. LEE, Deputy Chief Executive Officer, C.R.S.
Part One: K. A. NOBLE - "The overall position-current and forecast".
Part Two: R. A. LEE - "How the practising executive official does and hopes to cope". |
| 6.45 p.m. | Dinner |

Saturday, 17th April

- | | |
|-------------------------|--|
| 9.15 a.m. - 10.45 a.m. | Second Conference Paper: "Aspects of Co-operative Industrial Relations" by L. A. HARRISON, Chief Executive Officer, Greater Nottingham Co-operative Society. |
| 11.15 a.m. - 12.45 p.m. | Annual General Meeting: including discussion on the future of the Society. |
| 1.00 p.m. | Lunch: Conclusion of Conference |

The Annual Report and the two Conference Papers are included in this issue of the *Bulletin*.

Bookings are good for the occasion but any members who at the last moment are able to attend are asked to get in touch with the Secretary: the inclusive fee for the Conference is £3.

The Society for Co-operative Studies

ANNUAL REPORT FOR 1970/71

1. The five Presidents of the Society remained in office at the beginning of the year - but we have had, unfortunately, to accept the resignation of Lord Jacques. However, he will be sent full information of any Society occasions in the south and as far as possible we shall retain his interest and participation there. We are bringing to the Annual General Meeting a recommendation that Sir Robert Southern be appointed as President and, in the meantime, we have appreciated his attendance at our meetings as an observer.

Mr. John Roper has occupied the Chair-and, of course, we congratulated him on his election to Parliament in June 1970. Mr. W. J. Philpott has joined Mr. W. E. Lawn as Vice-Chairman and, as past Chairman, Dr. T. F. Carbery has been invited to attend the meetings of the National Officers in the year.

The Officers have had three meetings, and the following is their report for presentation to the Annual General Meeting on 16th/17th April 1971.

2. Membership

(a) At 31st January 1971 the membership of the Society (with the 1970 figures given in brackets) was:

<i>Region</i>	<i>Individuals</i>		<i>Organisations</i>		<i>Total</i>
	<i>'Co-oper- ative'</i>	<i>Other</i>	<i>'Co-oper- ative'</i>	<i>Other</i>	
Metropolitan and					
Southern ..	9 (7)	4 (4)	6 (9)	1 (2)	20 (22)
Midland ..	13 (13)	5 (4)	4 (4)	1 (2)	23 (23)
North ..	4 (5)	1 (2)	- (3)	- (1)	5 (11)
North-West ..	9 (12)	8 (6)	5 (3)	1 (-)	23 (21)
Scottish ..	18 (21)	9 (10)	3 (3)	2 (2)	32 (36)
South-West ..	3 (3)	1 (-)	2 (2)	- (-)	6 (5)
West ..	6 (5)	- (-)	- (1)	2 (1)	8 (7)
Yorkshire and					
Humberside ..	4 (5)	1 (1)	8 (9)	- (1)	13 (16)
Overseas ..	2 (1)	- (-)	- (-)	- (-)	2 (1)
	<u>68 (72)</u>	<u>29 (27)</u>	<u>28 (34)</u>	<u>7 (9)</u>	<u>132 (142)</u>

(b) In total, the membership has been maintained fairly well. Yet these factors need to be heeded: the Co-operative Union nominates fifteen and the S.C.W.S. twelve individual members; and in the total there are twenty-three new individual members and six new organisations.

3. The "Bulletin"

The programme has been to publish Bulletins No. 10, 11, and 12 during the year. The annual bibliography was included in Bulletin No. 11, and we owe its preparation to Mr. B. Howcroft, F.L.A., Manager of the Library and Information Unit of the C.W.S. Marketing Services, assisted by professional colleagues at the Co-operative Union, the International Co-operative Alliance and the Co-operative College.

Other National Activities

(a) RESEARCH

Co-operative College Endowment Fund

Our last report summarised tentative suggestions we made then at the invitation of the Education Executive for the disposition of this fund. The resources available in it now are £3,704 in gifts; and £2,336 annually in seven-year covenants. In addition the Co-operative Insurance Society has contributed £2,000 in annual covenant, generally for the promotion of "senior management training" and the College has, we understand, promoted various projects with its aid.

The Officers gave further consideration to the disposition of the fund and the following summarises their advice which has been forwarded to the Education Executive:-

- (i) That the terms of the research should be distinctive from the immediate "operational investigations" which the trading authorities of the Movement were undertaking or should undertake as a matter of immediate necessity.
- (ii) That the forms through which the work could be undertaken should be:
 - Research by experienced Co-operative officials withdrawn from their practical work for short sabbatical periods of about three to six months, preferably at the Co-operative College.
 - The projects undertaken at universities and colleges-preferably in the Midlands, so that the Co-operative College could be positively linked with them.
 - Other individual projects of particular interest such as those already supported in the case of Mr. D. Lock (Loughborough University of Technology-Aspects of Member Participation) and Mr. T. E. Stephenson (University of Leeds-Aspects of Management in the North Eastern Society).
- (iii) That in the selection of areas of research there should be consultation with the appropriate Co-operative agencies and particularly with the national federations who were more and more assuming responsibilities of initiative and planning in Co-operative development.
- (iv) That the following general areas were of particular attraction:
 - the management structure of large and complex societies.
 - regional development; industrial, commercial and urban and its significance for Co-operative retail distribution.

We understand that discussions are proceeding promisingly with the universities in the neighbourhood of Stanford Hall.

(b) STORAGE OF CO-OPERATIVE RECORDS

The suggestion was made at the last Annual General Meeting that some further provision was needed for the storage of Co-operative

records particularly where mergers and amalgamations were being carried forward. Following this there was an offer from the Librarian of the Social Sciences Library of Birmingham Public Libraries of facilities for storing and preserving records which might otherwise be lost. The matter was discussed with the Librarian of the Co-operative Union, and he is preparing advice to co-operative societies throughout the country about the measures they should take.

5. Regional Developments

METROPOLITAN AND SOUTHERN

The branch has continued to meet on a quarterly basis at the College for the Distributive Trades. Attendances remain small despite attempts to widen the active membership. Consideration was given to four papers during the year: "The Future of the Co-operative Movement", "Comparing the Movement with our Private Competitors", "Selective Employment Tax", and a "Survey of Education Committee Attitudes".

Arising from the meeting on S.E.T. a discussion paper has now been produced.

MIDLAND

During the year the branch has concentrated its attention on the problems of "Democratic Structure within a Regional Society" and has reviewed a discussion paper on this topic by Mr. M. Kirkman of the Leicestershire Society. The branch arranged a seminar on "Industrial Relations in the 1970s" but this had to be postponed until a later date.

NORTHERN

Due to the fluid situation during the formation of the North Eastern Society no regional meetings were held in 1970. It is hoped to renew branch activity in 1971, when an early topic for consideration will be the structure of the new supra-regional society in the North.

NORTH WEST

The branch has met at regular intervals during the year. Topics under review have included: "Industrial Relations in the Co-operative Movement" and "A National Co-operative Society". Members of the branch have appreciated the quality of the discussion papers presented for consideration and the useful publicity which has been achieved for the Society.

SCOTLAND

Whilst the Scottish branch have not held many meetings during the year its members have supported meetings of P.A.C.E. and a Strathclyde University seminar on the bicentenary of Robert Owen's birth. Seven new members joined the branch during 1970.

WESTERN

The Western branch has been without the services of joint convenors throughout 1970 and the branch membership is still very weak numerically. Further approaches have been made during the year to rectify this situation and it is hoped that activities will be resumed in 1971.

YORKSHIRE AND HUMBERSIDE

No regional meetings have been convened during the year, although the study group based at Leeds University-which is in effect a continuing meeting of the Society-has met at regular intervals. With the appointment of Mr. Pratt as regional Secretary branch activities will be resumed at an early date.

6. Relations with Other Organisations

Informal but helpful relations have been maintained with the British Section of the International Centre for Research and Information on Public/Co-operative Economy, the International Co-operative Scientific Forum and the Institut des Etudes Co-operatives.

7. Finance

The Cash and Bank Account for the year ended 31st December 1970 is as follows:

RECEIPTS	1969			1970		
	£	s.	d.	£	s.	d.
Cash in hand brought forward	10	0	0	2	5	5
Cash at Bank brought forward	499	15	4	603	4	4
Subscriptions	640	1	6	570	2	0
Fees—A.G.M. and Conference	80	8	4	76	0	0
Fees—Seminar	—	—	—	5	0	0
Sales—Society Bulletin	2	7	0	8	0	0
Bank Interest	3	3	9	3	8	3
	<u>£1,235 15 11</u>			<u>£1,260 8 0</u>		

PAYMENTS	1969			1970		
	£	s.	d.	£	s.	d.
Printing—Society Bulletin	260	8	6	295	0	0
Research Grants	70	0	0	—	—	—
Stationery and Postage	117	6	10	61	16	4
Typewriting	24	13	7	9	18	3
Telephone	5	8	8	1	6	6
Advertising	8	8	0	—	—	—
Annual General Meeting	94	7	6	66	8	0
Other Meetings	46	14	0	59	4	0
Subscriptions Refunded	1	10	0	2	0	0
Fees Refunded—Seminar	—	—	—	5	0	0
Carriage Refunded	14	0	—	—	—	—
Cheque Books	—	—	—	6	2	—
Bank Commission	15	1	—	9	6	—
Cash in hand carried forward	2	5	5	14	0	—
Cash at Bank carried forward	603	4	4	758	5	3
	<u>£1,235 15 11</u>			<u>£1,260 8 0</u>		

8. Conclusion-and Continuation?

It is time for realistic assessment of the need and function for the Society and the Officers are hopeful that this can be the main and constructive preoccupation of the 1971 meeting.

In their discussions during the year they have noted a feeling, at least in some quarters, that while the Society involved quite considerable administration, the results regionally appeared on the whole to be meagre; that nationally they were more substantial, though even on that level they were disproportionate to the administration and to the hopes entertained for this Society in the beginning.

In particular these questions and possibilities were raised for attention:

- (a) Was it accepted that a primary purpose of the Society was to increase the number of people in universities and colleges interested in the Movement, studying its problems, and engaged in a useful dialogue with it. This was generally agreed by the officers.
- (b) Would the aim be better achieved by a different basis of organisation: e.g. by taking as a basis universities, or groups of universities throughout the country, and if the initial concentration were on a gathering in each of these of staff and students with some degree of interest in the Movement?

In the discussion some of the points made were:

- (i) That while the present organisation had not significantly increased the number of "academics" positively engaged in studying the Movement, it had helped to promote the dialogue between university and college people and active co-operators.
 - (ii) The stimulus and support for research work in universities which might be achieved from the College Endowment Fund could do a great deal to further the general purpose of the Society.
 - (iii) It was necessary to examine whether the results achieved, or achievable, by the kind of separate organisation which the Society represented might be equalled, or even surpassed, by a resumption in the Education Department of the Union of responsibility for many of the regional activities sponsored under the name of the Society, and with the addition of a panel of active advisers to the Department on a national level.
- (c) The officers agreed that the following tentative guidelines for action in the immediate future would be particularly worth discussing at the Annual General Meeting:
 - (i) That while the national activity of the Society had been comparatively worth while, consideration be given to its adaptation in the future: the maintenance of the Conference; the possibility of the Bulletin being published annually to include papers particularly relevant to the Society, the bibliography, etc.

- (ii) That regionally the record was not so convincing; that where, as in the south, it appeared that a group had established itself, this should, of course, be encouraged; but that there should be a positive effort in each region in the next year to establish in a university or association of universities, a group of staff and students, and associated with them of active co-operators, who could develop a programme of study and discussion on co-operative topics.
- (iii) That, as any revision in the function of the Society was carried out, there should also be a review of subscription rates.

Co-operative Capital Problems: Their Magnitude and some New Approaches

K. A. NOBLE

(Mr. Noble is a Director of the Co-operative Wholesale Society Limited)

The shortage, both current and prospective, of capital for co-operative trade development by investment in fixed assets, mainly shops, is justifiably viewed as a major problem. The co-operative movement, despite the closing of many unsuitable, mainly small, shops in recent years, still operates with about 13,000 shops. number of large (some very large) modern stores, almost all selling both food and non-food in varying proportions according to type, size and location.

The questions: (a) What capital shall we have available for the next 5 years? (b) What are our needs? and (c) What policies do we need to close the gap? Are very pertinent. Obviously, the movement must try and recruit more members capital and current proposals from the national co-operative bodies are devised to this end. Allowing for some success from these efforts there is no doubt they will be insufficient to provide all that we shall require. Especially so if we are to contemplate on current values-say-an increase in our present annual shops trade of just under £900M to around £1200M by 1975 thereby achieving a modest increase in our share of retail trade from the present approximate 8% to just over 11% in the next 5 years.

Co-operative Shopping Capacity

Tables of statistics and estimates (and it is hoped some intelligent guesses!) will be presented to the conference which will suggest that to do this we shall need annually to close an average of 750,000 gross square feet of redundant shop pace (mainly small poorly sited shops) and establish new co-operative shopping capacity of about 1.6M gross square feet each year. Allowing for a substantial element for provision of car parking this sort of programme will at present day costs require the movement to invest in new shops, both by self and external financing, to the capital equivalent of over £21M a year.

The examination of our likely capital resources over the next 5 years has had to include some basic assumptions regarding, among other considerations, the future levels of members' capital. These suggest, with the help of new investment attractions added to share deposit redemptions of dividend stamp books, that the present rate of annual outgoing of over £20M will ease somewhat, despite the much higher figure experienced for 1970.

An estimate of the likely incoming and outgoing liquid capital shows that even on fairly optimistic estimates at least £13M out of the £21M needed for new shops will have to be externally financed from lease/renting, sale and lease back of the new developments or on

equivalent capital value of existing assets or borrowing.

External Financing

External financing in whatever form means most careful planning, meticulous sales and profit budgeting and a high standard of operational performance when the project gets going. These requirements are the normal challenge anyway to successful shopkeeping and when it is realised that about two thirds of all new shops are not financed wholly by the occupier/user then external financing is clearly a major and manageable factor in modern retailing. At the present time it appears that above a quarter (approximately £4M of what the movement is investing in new shops (approximately £14M) is externally financed, the difference (£10M) being found from our own liquid resources. If, as the preceding paragraph suggests, we need to invest £21M a year in new shopping capacity and externally finance about £13M of it, then our present performance means increasing capital trade investment in new shops by about £7M but external financing by lease/renting, sale and lease back or borrowing, by at least £9M.

There is no virtue of course in external financing to those few societies which have ample capital resources although the degree to which new shopping developments (whether "High St.", town peripheral or out-of-town) are only available on lease/rent often means there is little option in these instances other than to provide capital for main finishes (including lighting, heating, escalators, etc.) or often just for shop fixtures and fittings.

New Opportunities

Despite a large number of such shopping developments there are many opportunities for societies, who have not the capital resources, to initiate or participate in schemes where the provision of the shop, often including the buying of the land, is in their hands. In such cases a sale and lease back of the development itself or equivalent capital raising from existing assets can have tangible advantages. These compare favourably, for example, with borrowing by mortgage. In the latter case advances with very high "inflation hedging" interest rates and only up to two thirds of land and finished buildings value are likely conditions even if available at all. Whereas a sale and lease back bring benefits in comparative revenue costs including a relatively low interest content (currently about 6½%) which can compound in accumulative cash flow benefits to more than offset the increase in the usual 7-year rent revisions. Put in perhaps over simple terms-if a project promises a continuing return of 15% or more on the estimated capital value of the whole development, then a sale and lease back method of financing is viable both in the short and long term.

Employees' Pension Funds

Consideration of selling and leasing back existing assets brings into focus the question of employees' pension funds and the desirability increasingly to establish specific and sufficient collateral. It has been assessed based on some sample surveys that the real value of the movement's retail assets is about two and a half times the balance sheet written down value of land and buildings giving an estimated total today's market value of £350M.

Although much of this would not be at present suitable for selling and leasing back the fact that our aggregate pension funds are just over £100M does make it appear as though we have a useful margin available on current property values. Pension fund balances invested and secured through a central pool, possibly in a co-operative pension fund property unit trust, might be a beneficial way to both employer and employee of making some of these funds available for co-operative shop development.

Much of the foregoing and indeed the paper to be presented to the conference is an exercise in conjecture, forecasting and to some extent recommendation. It tries to project a future situation in global terms which could not easily include reflections for example on food and non-food proportions, a traditional division which is getting increasingly blurred by large basically non-food stores which sell foods and vice versa. Nor do the considerations include any forecast of the tremendous improvements in more profitable use of current assets in increased sales especially of non-foods that must be possible. To the extent that they are achievable makes the task that has been outlined in the provision of more capital for trade investment that much easier.

The present policy of the Co-operative Union Central Executive in proposing on the basis of large regional surveys very much fewer societies does, where capital for development is involved, underline the need for our co-operative interdependence to be recognised in as much assessment, monitoring and planning that we can devise and apply in practical terms. This need is even more critical to our future now that the pragmatic decision has been made by the Central Executive that for practical and psychological reasons a national society cannot be created now nor the movement reconstructed into one corporate whole in the foreseeable future.

A Corporate Planning Unit

An acceptance of this however, does lend weight to those who advocate the setting up of a co-operative corporate planning unit. Such a unit would probably have to be established by the C.W.S. in a working arrangement with the S.C.W.S. and provide service to the Co-operative Union Central Executive on trends, forecasts and targets on all aspects of the future environment of the distributive trades. It would have to carry out research on future shopping capacity, shop siting, population trends, consumer's changing habits and the whole host of important influences on the future of retailing. The research and conclusion would be related in definition to the movement's needs and would provide workable and acceptable plans for future expansion including that important aspect of financing trade development with which this contribution has tried to look at in a constructive way.

The Challenge Ahead

We have no solution on capital problems or any other aspect of the movement's lack of success in recent years unless co-operative management can meet the challenging but exciting task of our recovery, especially in view of the dynamic changes that are going to happen in retailing during the next decade.

It is however an oversimplification to say we have an organisational, planning and management problem to which a successful solution will remove our capital difficulties although there is more than a grain of truth in such an assertion!

Both this precis and the conference paper on the "Co-operative Capital Problems" do unashamedly beg the conclusion that although our capital difficulties need most careful handling, they provide no insurmountable impediment to a steadily expanding co-operative share of retail trade in the immediate years ahead.

Aspects of Co-operative Industrial Relations

L. A. HARRISON

(Mr. Harrison is Chief Executive Officer, Greater Nottingham Co-operative Society Limited)

Two recent developments in the Co-operative Movement combine to highlight the importance to Retail Societies of paying careful attention to industrial relations and of carrying out an appraisal of Personnel policies.

They are, firstly, the sudden and quite dramatic reduction in the number of independent Societies with consequential effects on staff morale; and secondly, the loss of confidence by Societies in the ability of our National wages machinery to negotiate realistic wage settlements.

I offer little argument against the principle of a substantial improvement in the level of earnings of Co-operative employees, but I cannot see any long-term benefits either to the Co-operatives or to our employees if enormous "across the board" increases are negotiated which pay scant regard to productivity and efficiency, ignore the relative ability of Societies to pay and hand cost advantages on a platter to our competitors. The latest U.S.D.A.W. pay claim falls into this category.

The Price of 100% T.U. Membership

All too often in recent months, we have heard managers and members of Boards of Directors asking ruefully whether one of the "rewards" of granting 100% T.U. membership was for the Co-operatives to be used as a "whipping boy" to bring the rest of the (largely non-unionised) retailing industry into line. It is regrettable that people who are known to be sincere Co-operators, Socialists, and Trade Unionists, should feel moved to ask such questions. Clearly, something has happened which is tending to sour the traditional good relationships which have so far existed between the Trade Unions and the operatives.

Wages and Cost of Living

The wages explosion and the recent upsurge in the cost-of-living index have certainly had their influence on the Trade Unions' national conferences to raise the level of wage claims. These factors have coincided this year with the ending of the wage freeze and a renewed determination to raise the standards of the lower paid; thus we have seen heavy demands for wage increases in all industries and an unusually militant prosecution of wage claims. The Co-operative movement has found itself sandwiched between two highly emotive forces. On the one hand there has been the cost push effect of wage increases, whilst on the other hand we have been, and are, under heavy pressure to keep prices down. In the short term it is impossible to concede large increases in wages and also to hold prices down.

Local Plussages

In the long term, however, the movement has to find a way to pay a decent living wage to shop staff, and at the same time give our members a fair deal. Many Societies have actively followed this policy over a number of years with the result that there are many local plussages, incentive payments, and productivity schemes superimposed upon the National Co-operative agreements.

The important thing to note about such additional payments is that they are locally awarded and are usually based upon some agreed measurement of standard of performance. Even when plus payments have been awarded merely to overcome labour shortages, there has often been an opportunity to recover the additional cost by improved gross profit margins; in other words, when shortage of labour forces up wages, it normally indicates more spending power within the area and better profit potential.

It is right that Societies should be able to respond to local situations in this way, and it must surely benefit both their members and employees. It is equally right that once a Society has analysed the local situation and made its local awards and agreements these should be reviewed in the light of any adjustment in the bases upon which they were awarded. For example, if a Society decides on economic or moral grounds that a national rate is inadequate and grants a plussage to its staff, should that Society, because of its progressive outlook, be forced by the trade unions to continue to pay the plussage after the National awarding body has made, belatedly, a similar economic or moral decision? Such was the dilemma facing a number of Societies when the Movement's highest ever increase to U.S.D.A.W. employees was awarded in May 1970; the Trade Union took the line that they would not accept an agreement to absorb or diminish Society plussages.

It must be accepted as criticism of the Co-operative National Wages machinery that the National Negotiating Committee were not appraised of this problem until after the proposals for wage increases were generally known, and it was too late for any meaningful negotiations to take place which might have overcome it. The advice from the Co-operative Union's Labour Department to Societies to enter into local discussions with the Trade Union to resolve the question was well meant but quite impractical after the settlement at National level.

Unrealistic Demands

Because of the nature of the demand, the latest U.S.D.A.W. wage claim will be strongly opposed. There is undoubtedly a case for a further increase this year. No doubt there is justification for substantially improved earnings in certain areas; but thought of a demand for a third for men and over a half more for women conjures up an imaginary picture of lemmings wearing U.S.D.A.W. badges. Does U.S.D.A.W. really think that such an increase is possible without very serious implications for their membership? More significantly, do U.S.D.A.W. members know that they are forcing their negotiators to pursue policies which will drive the weakest members into the dole queues?

Grass Roots Problems

Perhaps many of the problems we face at National level and the apparent attitudes of Trade Union negotiators over the past twelve to eighteen months emanate not from the officials themselves but from somewhere much nearer the grass roots level. Mergers and transfers of engagements have accelerated enormously during this period, and have had a dramatic effect upon job security, on promotional opportunity, and on employee morale in general. Even where Societies have been at great pains to ensure a smooth transition, there have been casualties, and these have tended to negate good efforts. Experience has confirmed my view that the Trade Unions should be involved in merger talks as soon as practicable. After all, Co-operative employees usually have a very important stake in their Society's future.

After the Merger

But how many of us take the trouble some time after a merger, or transfer of engagements, to check if the employees of the incoming or joining Societies have become integrated and are working in harmony with their new environment? Consider the position of the employee of a small Society which has transferred its engagements to a large Regional Society. He loses his sense of belonging because the small community atmosphere in which he previously worked is gone. His old boss probably has a new job; his new boss is remote. Where once he thought he knew where he stood, he now feels in doubt both about the present and the future. This type of situation is demoralising and can become contagious. It emerges quite strongly in Trade Union branch meetings and proceeds throughout the Union. If we multiply this problem by the number of disgruntled employees in all those Societies which have been involved in mergers in the last two years (a reduction of Societies from some 400 to just over 200), we get some idea of the pressures building up in U.S.D.A.W. Add to this four years of Trade Union frustration over Prices and Incomes policies and now the Industrial Relations Bill, and we have identified the major causes of the attitudes to be observed in National negotiations.

Job Satisfaction

If we accept, therefore, that our troubles begin at the "grass roots" level, then it follows that we must effect a cure, or at least an improvement at that level. This does not mean that we should simply grant higher rates of pay to the lower paid among our staff. Money alone is not the answer-if we need proof of this, we might compare the motor industry worker with the farm worker or the coal miner with the shop assistant. It is true, of course, that there are circumstances where there is no substitute for money. Each worker will have his desired level of income-his "breadline" below which he will only be motivated by higher wages, but thereafter he will be motivated by job satisfaction; that is, his desire to do a job which he feels is worthwhile and to be respected for his skill, experience and responsibility.

Changes in Working Environment

Co-operators have been able proudly to boast that the master and servant attitude of private enterprise was foreign to the Co-operative employment. In the smaller societies

This was usually true; whole families both worked for a Society and played part in its democratic control. But the times have changed; the trend towards fewer, larger, Retail Societies has broken down this friendly, almost family-like, atmosphere and replaced it with a large impersonal management structure. For the individual Co-operative employee this often raises doubts about job security, promotional opportunities, and democratic involvement in the Society. It is interesting-and pertinent-to note that the new militancy within U.S.D.A.W. coincides closely with the acceleration of Retail Co-operative Society mergers.

Given that the rate of mergers will, if anything, be stepped up, the picture looks gloomy from the point of view of staff morale. Fortunately there is sufficient expertise within the Movement to meet and overcome this challenge of large-scale reorganisation if we give as much careful attention to the management of people as we do to the management of trade. We can motivate staff best if we are prepared to involve them in planning the future of the Society and allow participation in the process of decision taking.

This is no "soft option" for managers; it sometimes takes courage to allow projected decisions to be critically examined in advance-especially when the burden of taking the final decision still rests with the manager. But if we avail ourselves of the expert knowledge and advice of our staff, we are likely to take more meaningful decisions as a result.

The Value of Joint Consultation

The most effective means of tapping this source of knowledge is through the medium of joint consultation at Society, departmental or area level. There are, however, one or two essential pre-requisites if joint consultation is to achieve the desired effect. The management and the Trade Union at all levels should fully support the principle; managers and Trade Unions must be directly involved; consultation must normally be prior to action or decisions being taken; and all participants must be working together for the common good of the Society, its staff, and its members. If these pre-requisites are not granted, then more harm than good can come to industrial relations from embarking upon some pseudo form of consultation.

Some brief examples below indicate the benefits which my own Society has gained from pursuing an enlightened industrial relations policy.

- (1) In recent merger negotiations the Trade Union Area Organiser was involved immediately talks began between the Societies. When the time came to inform the employees, this was done by the Society and the Trade Union jointly calling a meeting. After the case was put by management and questions were answered, they withdrew so that the Trade Union Branch could determine its policy. The merger proposal was supported unanimously by the employees.
- (2) Rationalisation has reduced three processing dairies to one, and four distribution depots to two. The reorganisation has had the full co-operation of the Trade Union. Shop Stewards were seconded from normal duties to assist the supervisors whenever difficult reorganisation was taking place.

- (3) After an argument about payment for office overtime, a group of clerks were asked to suggest new manning schedules. They produced acceptable schedules which reduced the overtime working and the *clerks concerned shared in the savings made*.
- (4) The Society is using work study techniques to improve performance in its branches. *The full support of the Trade Union is assured* by having a Trade Union nominee seconded to the work study team. He reports direct to the Branch Committee and thus allays any suspicion.

These are but a few of many examples which could be quoted to show the value of good industrial relations. Above all, they show that the proper management of people is crucial to our future success, not only to achieve high efficiency at Society level, but also to restore Co-operative staff morale.

Industrial Relations Training

Finally, a few comments on training for industrial relations. In the modern Society there is no excuse either for ignorance or incompetence in industrial relations questions. Most Universities are willing to assist in educating managers in the best techniques of handling staff, and there are also courses for foremen, supervisors and shop stewards. Our own experience of such courses arises from our association with the Extra Mural Department of Nottingham University. The results have been most gratifying, and the courses have proved most popular with those who attended. The Society and the Trade Union have participated jointly with the University in running these courses, and we have taken the opportunity to give people a better understanding of both the Society's and the Union's structures and agreements.

There are still those in our Movement who believe that the problem of industrial relations is unimportant, that money spent on training in this field is wasted. If their destination is Carey St., then they may be right. But surely the Movement is concerned to see that we prosper. That means that we must strive for continuously improving levels of staff efficiency. Retail Societies spend over 50% of their gross profits on people. It is important to take steps to ensure that this money is spent wisely.

International Notes

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NEW GERMAN TRAINING CENTRE

The German Co-operative Bank (Deutsche Genossenschaftskasse), the central financial institution in which all four branches of the Co-operative Movement in the Federal German Republic are united, celebrated its 75th anniversary in October 1970. The celebration took the somewhat unusual form of a short meeting of about 150 representatives of the Co-operative Movement, the Federal and Regional Governments and university institutes of Co-operative Studies, convened to witness the formal dedication of a building, newly required by the Bank, to the use of the Unions of urban and agricultural credit co-operatives as a management training centre. The building is not new. It is a castle, built about the year 1700, standing on the summit of a huge mass of basalt above the little town of Mountabaar in the Westerwald, the district where Fredrich Wilhelm Raiffeisen worked out, over a century ago, the type of rural co-operative credit society, since adopted in almost every part of the world, where small peasant holdings form the prevailing land system.

Examples of important Co-operative financial institutions which celebrate their success by endowing their respective Co-operative Movements with educational centres are rarer than they might well be, but this concern for the promotion of Co-operative studies and research has been characteristic of the Deutsche Genossenschaftskasse ever since it was transferred from Berlin and re-established in Frankfort-on-Main in 1949. Its research department collects news and information diffused through its own bulletins one of which every year is devoted to a comprehensive survey of Co-operation in Western Germany and an assessment of its progress and situation. The department began to publish several years ago a series of monographs on various aspects of Co-operation, national and international. The eight volumes which have already appeared represent a valuable contribution to Co-operative knowledge. There is no doubt that this policy will be continued under the Bank's present President Professor Georg Draheim, whose writings on Co-operative theory and practice are widely known.

CO-OPERATION AND EDUCATION

The principal address at the ceremony at Schlors Montabaar was delivered by Professor Dr. Fredrich Furstenberg, who is holder of a chair at the College of Social and Economic Science at Linz, Austria, on the subject of Co-operation and Education. Dr. Furstenberg's observations were based on the premise that the mission of the Co-operative Movement to promote the economic welfare of its members necessarily implies a contribution to their education, no less, rather even more, to-day when success and survival demands trained efficiency from officials and members, than in its pioneer epoch. The concept of Co-operative education is inseparable from the Movements need to master the problems arising from its present situation, and education, its aims and processes, must be oriented to that fact. In other words it must be directed towards the twofold aim of enabling Co-operators to define their problems

correctly and to act effectively in solving these. Education thus has certain fundamental tasks, all of which have economic, technical and social aspects. Professor Furstenberg enumerated five fields of study as follows: comprehensive and more or less long-term planning of the Movements objectives; the organisation of social relations within Co-operative organisations on the basis of a corresponding definition of fields of activity; the activation of the members' participation and the improvement of the efficiency of both members and employees; the actual direction and control of business operations; the representation of the management in relation to the board of directors and general meeting of members, together with the representation of a society in relation to the wider Movement and the public at large.

Another consideration, flowing from the preceding and strongly emphasised by Dr. Fürstenberg, is that Co-operative education should enhance the dynamism of the Movement by giving Co-operators greater mastery of and confidence in flexibility of organisation. Dogmatic rigidity is a positive hindrance in competition. Co-operators have not merely to react to change, to make adjustments to modifications in their societies' external circumstances. They must themselves initiate changes, attack as well as defend. It is not changes in themselves, but creative changes, which are necessary. This in turn necessitates a continuous and unending process of learning-which implies not only re-learning, but sometimes unlearning. The end of the argument is inevitably a concerted effort to express in concrete terms, corresponding to the Movement's contemporary situation, the true essence of a specifically Co-operative educational system.

CO-OPERATIVE STUDIES AT HAMBURG

The statement in the November 1970 issue of the Bulletin that Professor E. B. Blümle, formerly Rector of the Swiss Co-operative Seminar at Multenz had been appointed to the Chair of Business Economics at Hamburg University in succession to the late Professor Reinhold Henzler, although made on good authority, turns out to be incorrect. The Chair carries with it the directorship of the Co-operative Institute. The Institutes latest report, however, makes it clear that Professor Blümle, although he was lecturing on Co-operative subjects temporarily at Hamburg during the summer term of 1970, declined the Senates offer of the Chair. The Institute has been temporarily in the charge of Professor Otfried Fischer since the end of September, the teaching being carried on by academic assistants. The work of the Institute will henceforth be planned by a council set up under a new university regulation.

One feature of last year's activity was the contribution by members of the staff of articles, based on the Institute's research work, to scientific and Co-operative periodicals. During the year 25 diploma studies and one dissertation were completed by students. A considerable number of subjects were suggested by Co-operative societies and their unions, which also gave the students useful help in getting material and provided financial support for the Institute. The Institutes specialised library now comprises over 4,500 books, reports and memoranda.