

Society for Co-operative Studies

Journal of Co-operative Studies 66 September 1989

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Society Notes (July 1989)

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Society Notes

Journal 66 shows its proper preoccupations - primarily with consumer Co-operation but also with other sectors of Co-operative organisation, in this instance workers' Co-operatives, and with the quest generally for 'Co-operation between Co-operators'. This third item is examined in the light, or rather dark, of the prospect of the demise of the Co-operative Development Agency. As in past years, this late summer issue also serves the Conference and AGM of the Society and, in particular, there are the articles "Co-operative Principles - and Employment Practices" which bear on the theme of the Conference and the Report on the Society and the Accounts for 1988-9.

Conference and AGM 1989

The occasion will be at the Co-operative College from 2pm on Friday 8th to 11.45am Saturday 9th September. The Conference addresses the topic "Co-operative Management and the Development of Human Resources". The AGM follows at noon. Requests for information and reservations will be welcomed by Alan Rhodes, Treasurer of the Society, at the address on the inside cover of this Journal.

Future Journals

As the Report on the Society indicates, we shall be glad to have discussion and suggestions at the AGM on the future contents of the Journal: "Through which horn shall I blow for you to hear me?" In the meantime, we plan in Journal 67 to look to the condition of the consumer movement's democracy - the measurements and assessments of it and initiatives that might invigorate it, and also to the organisation of that movement's national services to the retail societies.

Other possibilities, perhaps in the longer term, are a comparison of the capacity of Co-operative organisation compared with other forms, to deal with the factors of production - land, labour and capital -and the response of European Co-operative movements to the change and challenge of 1992.

Farewell and Hall

Dr. Hill, who has written our *Reviews* since Journal 48 in August 1983, is leaving us, and his post at the College, to take up again his psychological consultancy work. We are very grateful to him for the precision of language and orderliness of structure in his pieces and for the perceptiveness which enabled him so often to find a unity of theme in a diversity of material. Now our warm good wishes go with him.

We welcome gratefully and confidently in his place, Malcolm Hornsby, also of the College, whose first *Review* appears below.

July 1989

R.L.M.

Foreword

In Journal 63 of August 1988 we published our first symposium of reflections and projections on the Co-operative Union's Review of Statistics for the previous year. Here now are the responses to the Review of 1988.

We are indebted to David Wadsworth, Manager - Statistics, Information Services Department, at the Union for the following note on the Review - as well as for much else in the preparation of this feature.

"The Review of Statistics is compiled from the Annual Returns and Financial Statements submitted by societies to the Co-operative Union. The prime aim of the document is to give Congress delegates (and other interested parties) an appreciation of the Movement's performance during the last financial period. In view of the short time available to build up these aggregate figures the document should be regarded as a provisional statement and is refined in a more comprehensive analysis of Co-operative Statistics produced later in the year.

In addition to the overall indicators for the British retail Movement (turnover, profitability, market share and finances) the publication also contains similar information for each of the largest twenty-five societies. These are listed according to turnover size and in addition to absolute amounts various ratios are given in order to facilitate comparison between societies.

Additional copies of the Review are available from the Statistical Section of Information Services of the Co-operative Union at a nominal price to cover printing and postage."

A copy of the Review was submitted to each contributor, along with details for each society outside the range of the twenty-five largest. In the presentation of this additional information, the societies were organised by turnover into: Group 4 - £24m to £48m; Group 5 - £11m to £16m; Group 6 - £5m to £9m; Group 7 - £2m to £4m; and Group 8 - £0.5m to £1.8m.

The Report on Capital Structure referred to from time to time in the articles was commissioned in March 1988 by the Central Executive of Peat Marwick McLintock. Its main recommendations were summarised in a Special Gazette issued by the Union.

July 1989

R.L.M.

Some Reflections - and Projections: 1

Professor Noel Branton

The provisional figures for 1988 must be judged against the background of a surge in domestic demand of 7%, fuelled by tax cuts, abundant credit, and rising wages for the increasing number of those in employment. As against this, there were the efforts of the Chancellor to slow down the boom by the use of interest rate policy. This produced relatively little impact on consumer spending for the greater part of the year, though by December there were signs of slackening growth. For some businesses the Christmas trade produced new records though these were apparently less than anticipated.

Trading Results

The turnover of the retail Co-operative societies rose by 8% as compared with a 10% rise for retailing as a whole. The trading surplus after depreciation rose by 11.1% in amount showing a 0.1% improvement on sales as compared with 1987. Unfortunately, although Co-operative sales grew in volume and profitability, those of competitors grew even faster so that market share continued to decline albeit at a marginally slower rate. The number of societies continued to fall as also did the membership of the movement.

Professor Dawson last year in Journal 63 made the comment that the largest societies in terms of turnover do not always obtain the best results in their trading surplus on sales whilst those with the biggest increases in turnover often fail to show any comparable increase in profit. The latest figures confirm this point. A policy of boosting turnover, with a view to spreading fixed charges over a larger volume of business can produce satisfactory results only if the costs which must be incurred to secure the increase can be contained so that the additional revenue is greater than the additional costs.

One society, for example, showed a 17.5% increase in turnover but produced a 0.6% loss on sales. There may have been a special reason for part of this loss although in the previous year the profit was very small. Again, some of the medium-sized societies in Groups 4 and 5 produced a trading surplus as a percentage on sales comparable with that of the largest. The position of the smallest societies in Group 8, with a limited number of outstanding exceptions, can only be described as very depressing.

If we turn to the make-up of the retail sales of the societies, a chart shows the changes over a period of ten years between 1978 and 1988. Food sales, excluding dairy produce, remained a constant proportion of total turnover whilst sales of dairy produce declined. Non-food sales also constituted a smaller proportion of the total, but compensation was achieved by a growth in services. As compared with the retail trade as a whole, the Co-operatives achieved a smaller increase in turnover as between 1988 and 1987. The margin of difference, however, had narrowed, this being particularly marked in the Clothing and Footwear and the Household Goods sections. Since consumer spending in 1988 was focussed particularly on these sectors the movement enjoyed some share in the benefit though clearly not nearly so much as one would have wished.

Provision for Capital Investment

The trend of profitability of the societies as a whole continued to rise even though the increase was modest. It was 2.1% of sales, which is well short of the 5% on sales recommended by the Capital Structure Report or the more modest short-term target of 2.5%. After taking into account interest payments and appropriations the retained surplus amounted to £30m as compared with £19m in 1987. There were substantial increases in fixed assets though these were partly a consequence of property revaluation. There was, however, substantial new capital investment though this was well below the level indicated as desirable by the Capital Structure Report.

This under-investment in capital assets is all the more serious since retail business as a whole has been investing heavily during the 1990s. One estimate puts the total as high as £15bn between 1982 and 1988. Clearly such investment must confer competitive advantage on the private retail sector, a point made by Mr George McMillan in the January 1989 issue of the Journal. However, the figure almost certainly exaggerates whilst not disposing of the advantage. As much as one-third of the total may have gone into property since private retailers have expanded rapidly and, it would appear, rashly. Mr Michael Julien, the group chief executive of Storehouse, opened a BHS/ Mothercare store in the new St Enoch Centre in Glasgow at the end of May. He pointed out that there is now some 24m sq. ft of retailing space under construction in the UK and expressed serious misgivings if it should all become available. To give point to his doubts, many of the store units at the Centre still remain unoccupied.

Private retailers have nonetheless been spending heavily on the design and layout of their shops. Design consultants have been employed for this purpose. Even Marks & Spencer, faced with sales stagnation, has modernised

its stores. In the retail trade as a whole the installation of electronic technology is rapidly increasing, involving considerable capital expenditure. Electronic point of sale equipment at check-outs is being widely adopted whilst Electronic Funds Transfer at Point of Sale (Eft-Pos), after a slow start, is quickly gaining ground. Indeed, one estimate claims that last year the number of Eft-Pos terminals jumped from 8,000 to 30,000.

Some Thoughts on Strategy

Over the years there has been a lively discussion within the movement of the appropriate competitive strategy to revive its fortunes. Perhaps it is appropriate to consider the approach adopted by leading and much publicised management guru, Professor Michael Porter of the Harvard Business School. He argues that competitive advantage may be secured by the adoption of one of three types of strategy which he describes as *cost leadership*, *differentiation* and *focus*. It is essential that management adopting a given strategy should be confident that it is sustainable.

Cost Leadership?

What are the possibilities of *cost leadership*? As the result of ongoing mergers and acquisitions the big groups are now to an increasing extent competing with one another. They have developed integrated supply organisations designed to reduce the costs of serving their stores. They are making increasing use of information technology to determine stocking policy. Competition between the organisations already in the field is likely to be fierce. The idea for a unified national Co-operative society which is advocated from time to time would have to compete in this battleground. In the present circumstances *cost leadership* as a strategy for the Co-operatives is a non-starter.

Differentiation

The proposal to slim down to 25 regional societies has far greater potential provided that Porter's strategy of *differentiation* can be developed. A business achieves competitive advantage through *differentiation* if it provides something unique which is valued by customers and for which they are prepared to pay a higher price sufficient to meet the cost of the *differentiation*. Self service was pioneered in the UK by the Co-operative movement as a means of cutting costs and enabling the customer to get quicker service. It was not a sustainable *differentiation*, however, since it was quickly copied by competing organisations.

The movement has, of course, one traditional source of *differentiation* in the payment of dividends on purchases. For a time, a few years ago, competing

organisations tried to match this by the use of trading stamps to secure loyalty. These became discredited and dropped out of use though there are now signs of an attempted revival. The dividend was reinforced in the past by the sense of loyalty of members to their society and to the Co-operative principle. Whether this situation could now be revived in a sufficient number of customers is, in my view, highly questionable. The majority of customers nowadays show little loyalty to any retailing organisation, private or Co-operative.

A common criticism brought against retailing in general is the poor standard of service in retail shops. This, of course, is virtually non-existent in supermarkets. But not all customers appreciate self-service, particularly the elderly, whilst most people want information at some time. In many cases they look for this in vain. Improvement can only be secured through systematic staff training to which the movement has always paid particular attention.

Focus?

Finally, the focus strategy is perhaps better described as a niche strategy. It depends on segmentation which in Porter's analysis is something wider than market segmentation whilst including it. It covers the product and any services which are provided with it and is targeted at a group of customers who are either neglected or are inadequately served by the larger operators. There is no reason why a society which perceives an opening should not use this strategy as well as that of differentiation.

Further Outlook

The prospects for 1989 cannot be described as very reassuring. The high level of interest rates has begun to produce an effect and retail sales figures for April showed an unexpectedly large fall. The impact has so far been greatest in the south and discretionary spending in the north had been little affected by the end of May. Indeed, the North Eastern Co-operative Society was reported to have turnover up 11% on 1988. The likelihood of a "soft landing" for the economy seems highly improbable at the time of writing and few trading records appear likely to be broken in 1989.

The Author

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Some Reflections - and Projections: 2

Professor John A. Dawson

The Review of Statistics for the Co-operative sector for 1988 provides an opportunity to make comparisons not only with previous years but also with other organisations in the retail sector. Generally, from a retail perspective 1988 was a year of substantial growth in sales volume. The index of retail sales value for the UK rose from 176 in 1987 to 194 in 1988, representing an increase of 10% over the year. The consolidated turnover of the retail societies rose by 8.0% for the year. It rose by 18.0% and 14.5% for Sainsbury and Tesco in respect of their accounting year 1988-89. The large grocery-based retailers averaged a growth of 12% in 1988.

Growth Rate and Market Share

Few Co-operative societies come close to matching the growth rate of Sainsbury, Tesco, or the large retailer average, although it must be remembered that some figures, including Tesco, now include the full effect of recent acquisitions (in Tesco's case: Hillards). Of the larger societies Lincoln and Northern show increases, 19.0% and 19.2% respectively, in excess of that of Sainsbury, but 10 of the largest 20 societies (excluding CWS and United) failed to increase sales at the level of the UK national increase in retail sales.

Perhaps of more concern is that six of these "slow growth" societies are in the top ten of largest societies. The slow growth of large societies and the faster growth of the medium-sized societies is again present in the 1988 figures -as it has been for a number of years. The inevitable result of the large societies' failures to grow at the national rate is the loss in market share by the Co- operative sector as a whole as the 10 largest societies now represent 64% of the sector. In 1988 the market share of Co-operatives was 4.4, down from 4.5 in 1987, and if only food is considered the share is 7.7%, again down on 1987 and down from 8.5% five years ago.

Sources of Income, Surplus, and Investment

Within the overall sales volume of the Co-operative sector, the shift in source of income, apparent in recent years, continued in 1988. Growth in travel, funeral and motor trades was above the overall level of sales increase. Comparison of 1978 and 1988 is instructive. In both years, 61.4% of sales were accounted for by food, but

were accounted for by food, but the travel, funeral and motor trade sales have increased from 6.4% of the total to 13.4%. This growth has been, mainly although not exclusively, at the expense of the non-food sales. Although the switch into services provides a good vehicle for potential growth, it has been partly at the expense of the higher margin non-foods rather than the lower margin food products.

The margin level in 1988 was slightly up on 1987. Trading surplus is now 2.1% compared with 1% five years ago. Even at 2.1%, it remains low and below the 2.5% widely sought in the sector, and well below the prevailing level of most large firms in the capitalist sector. Of the top ten societies only four achieve a trading surplus over 2.5%, and interestingly all four show increases in sales of below 8% - the average for the sector. Even amongst the more rapidly expanding medium-sized societies, only with Lincoln and Ipswich is rapid growth associated with a reasonable level of trading surplus (4.6% and 5.1% respectively).

There was continued growth in fixed assets during 1988. Property revaluations are partly responsible but substantial investment has taken place in some societies. Net assets for the sector are now close to £1 billion and four societies have fixed assets of over £100 million. Both asset base and reserves have improved notably in recent years.

Conclusions from the Statistics

From this broad statistical picture several conclusions can be drawn:

- The Co-operative sector as a whole has improved its financial and trading position slightly in the last year.
- The sector still lags behind the capitalist sector on a wide range of the usual operational and financial indicators (these indicators however are designed with the capitalist sector in mind and so measure meaningful concepts for that sector)
- A very substantial and solid asset base exists which underpins the Co-operative sector.
- Food retailing remains the dominant activity despite attempts to diversify activity.
- The variation from society to society is extreme; differences have always been present but there is a suspicion that the difference is widening with the poor societies getting worse and the good societies trading very well indeed.

Implications for the 1990s?

Starting with the pattern revealed in these figures, which is a pattern created not just in one year but over many years, it is perhaps useful to consider how the Co-operative sector will move in response to the challenges in the 1990s. The 1990s are only a few weeks away. What then do the early 1990s hold? Some forecasts can be made with reasonable accuracy, at least for the early years - other parts of the crystal ball are more hazy. The following table provides a summary of some macro-economic variables.

Macro-economic Performance and Forecasts

% change on year	1987	1988	1989	1990
GDP	3.6	3.8	1.9	2.9
Consumer spending (nominal)	9.4	11.8	8.6	7.7
Consumer spending (real)	5.2	6.5	3.0	2.8
Personal disposable income (nominal)	6.6	10.0	8.8	8.2
Personal disposable income (real)	3.3	4.8	3.2	3.0
Savings as% PDI (average)	5.6	4.1	3.7	3.1
Consumer expenditure on food	0.3	0.7	0.2	1.3
Consumer expenditure on durables	7.5	10.1	4.0'	2.5

Growth of Demand Slows?

Recent years have seen rapid increases in consumer expenditure (6.5% in 1988 for example). These high levels of increase in aggregate demand are unlikely to be sustained and 3.5% to 4% are much more likely in the early 1990s. The Co-operative sector has grown, albeit slowly, in the recent years of rapid expansion of demand. Can real growth still be sustained when demand growth slows?

Changes in Labour Markets

Labour markets are changing rapidly. The reduction in the numbers of school leavers will hit most strongly those sectors which recruit heavily from this source - the retailers. Whilst the difficulties in the recruitment of sales staff may be overcome by looking to recruit from older age groups, there is a more difficult problem embedded in the changing labour market. This is the impending shortage of management. Substitution of older age groups is not an adequate solution in this case. The differences in performance of various Co-operative societies imply considerable differences in managerial effectiveness. The shortage of management in the 1990s is likely to exacerbate these differences.

More Intensity and Variety of Competition

The continuous restructuring of the retail industry shows little sign of abating with competition increasing in intensity. A greater variety of competition, usually implying more investment, is likely in the 1990s. Are the financial and marketing systems being created fast enough in the Co-operative sector to meet the changes likely in the early 1990s?

There is also the consumer to consider. Increasing sophistication and a more critical approach to products and services seem likely characteristics of consumers in the early 1990s. New product development and well organised retail operations will be necessary to provide retailers with a competitive edge. These changes may put pressure on retail margins - a pressure which some retailers in the capitalist sector are more able to give way to than perhaps in some parts of the Co-operative sector where low margins prevail.

Can Management Meet the Changes?

The Review of Statistics for 1988 shows the sector to be moving along a particular development path. Movement continues to be slow, and the ultimate question must be, "Is management of the sector changing as quickly as the trading environment?" If the simple answer is yes, then the next year's figures will show a sustained improved performance of the sector; if the answer is no, then at this time next year we will be looking at a loss of market share and sales growth below that of competitors.

The Author

PROFESSOR DAWSON is Fraser of Allander Professor of Distributive Studies and Director of the Institute for Retail Studies at the University of Stirling.

Some Reflections - and Projections: 3

W.H. Farrow

Despite the demise of the Economic and Research Department and the re-organisation which transferred the compilation of Co-operative Statistics as a part of Information Services, the Review for 1988 duly arrived in time for distribution before Congress. Thanks to those responsible at Holyoake House are extended. As a commentator in Journal 63 on the 1987 Review remarked, the provision of figures on Societies' performances is both unique and invaluable to the Movement and we must beware in our cost cutting exercises that such services, and others of similar value, are not lost and become for ever irretrievable.

The Movement's performance in 1988 reminds me of a bright, sunny day in late February with the worst of the winter past and gone and with just a hint of spring in the offing! The returns reveal many good and encouraging trends but at the same time, particularly when compared with our better performing competitors, we should keep our feet on the ground and positively address the weaknesses which are so irritatingly, if not disappointingly, still apparent.

Comparisons with Competitors

It is always difficult to make meaningful comparisons even between retail Co-operative societies due to variations of size, structure of trade etc. but comparison with private competitors is even more difficult. I have, nevertheless endeavoured to make some comparisons by extracting relevant data from four major competitors who have reported during the last six months, Tesco, Wm. Morrison, the Burton Group, and the John Lewis Partnership. By strange coincidence, the two food operators account for 61.5% of the sample as compared with 61.4% attributable to Food (excluding Dairy) in our Co-operative Review.

The main indicators show that Co-operative *Turnover* at £5,775m was some 8% higher than the previous year. My sample of retailers posted an increase of 15.2%. Most societies registered more impressive increases for the first 8/9 months of the year, but as government steps to restrict consumer spending began to bite in the final quarter, sales increases began to taper downwards. The entire retail trade is experiencing difficulty in maintaining sales momentum in 1989 as the Chancellor's measures bite even more deeply.

Surplus

Trading Surplus at £110m improved both in amount by £11m and as a ratio to sales from 2.0% to 2.1% while in my sample of retailers it moved from £565m to £673m or from 7.1% to 7.4%. Even allowing for what must be heavier weighting of margins from Burton and John Lewis (although the latter have a sizeable Waitrose food operation) it is at this level where our competitors are so far ahead and, as we shall see, this advantage is carried through to the final divisible surplus. Tesco recorded a trading surplus of 5.5% which exceeded the ratio of all our twenty-five largest Societies while only the Ipswich Society with 5.1% was higher than Morrison's at 4.8%. Indeed, only ten Societies had trading margins in excess of 2.0% and two Societies actually returned a trading loss!

On page 6 of the Review is a table showing the allocations of the *Total Surplus* and taking the Co-operative figures for 1988 I have added the totals from the sample of private retailers, with this result:

	Co-operative		Competitors	
	£m	% Sales	£m	% sales
Net Surplus	96	1.8	665	7.3
Apportioned as:				
Shareholder Benefits	29	0.5	151	1.7
Tax and Sundry Allocations	37	0.7	214	2.3
Retained	30	0.6	300	3.3

As previously remarked the largest element in the Net Surplus is the trading profit less interest and other non-trading charges. Of the three-part apportionment it can be seen in both sectors that the Shareholders take the smallest portion while Tax and Sundry Allocations take around one third although, in the case of our competitors, of the £214m recorded almost the whole of this sum is in discharge of Corporation Tax. The bottom line shows that while 0.6% of turnover was retained by Co-operatives this compared with 3.3% from the sample of competitors.

I seem to recall an appeal by an inter-war Congress President for retail Societies to retain 1d (i.e.. 0.4p) per £ sales and, in so strengthening their Balance Sheets, become better able to meet the future with confidence. Such are the changes in retailing with the need for ever increasing amounts of capital that such a ratio is today seen as derisory, and our competitors are

clearly well ahead of the Movement in this respect. Of course, an added incentive for companies (although this excludes the John Lewis Partnership which in essence is a worker Co-operative) is that the return to Shareholders is not only in the form of dividends but rather more in the appreciation of their quoted share price and the level of retained profit is a significant aspect in the determination of the strength (or weakness) of the company.

Balance Sheets.

Turning to the *Balance Sheets* of our cumulative Co-operative retail businesses it is heartening to see that Share Capital at £166 has increased by some £6m or 3.7%. I noted that two Societies with which I have had more than a passing acquaintance headed the percentage list of increases with Invicta at 15.8% and CRS at 13.2%. Incidentally, CRS holds more than 45% of the Movement's Share Capital. My sample of competitors' records an increase in Share Capital of £6m or 1.5%.

Co-operative *Reserves* advanced by £156m to £769m, over 25%, which bettered that shown by the sample of competitors at a little over 19%. Much of this substantial allocation to Co-operative Reserves is likely to have arisen from Extraordinary items, particularly from the sale of redundant assets.

This, in my view, is sound practice by converting assets which have fulfilled their original purpose into liquid form, increasing Reserves and thus providing funds for future investment.

The next table gives a brief Balance Sheet breakdown for 1988:

	Co-operative		Competitors	
	£m	% net assets	£m	% net assets
Fixed Assets	1372	147	3295	138
Net Current Assets	(10)	(1)	(317)	(13)
Long Tenn Liabilities	(427)	(46)	(597)	(25)
Net Assets	935	100	2381	100
Financed by:				
Share Capital	166	18	419	18
Reserves	769	82	1962	82

The ratio between Share Capital and Reserves (82% and 18%) in funding the asset bases, remarkably, is exactly the same in both sectors.

Differences in Net Assets

The crux of the differences between Co-operative and company practice is revealed in the build up of Net Assets.

Fixed Assets (expressed as a percentage of Net Assets) are reasonably in line with Co-operatives at 147% and our competitors at 138%. Net Current Assets, although barely significant in total, illustrate how our competitors, by dealing with all their suppliers at complete arms length, are able to extend their credit and show a substantial surplus in the funding of their ongoing operations. It is, however in Long Term Liabilities where the greatest differences arise for, whereas most Societies need recourse to the money markets (mainly in the form of Loans) to fund capital shortfalls for development, our competitors obtain their funds from a variety of permutations such as Debentures, Convertible Loan Stock, Cumulative Redeemable Stock, Preference Convertible Stock to name a few. Whereas Societies usually pay rates of interest tied to, and often in excess of, base or inter-bank rates our competitors pay fixed rates of interest varying in the sample of accounts I have examined between 4% and 10.5%. The Convertible Stocks carry the lower rates, but this again equates to the level of retained surplus and is an expression of investors' confidence that, on conversion into ordinary stock, the market value of the shares will more than cover the earlier years of low interest returns.

Turnover and Market Share

The *Comparative Turnover Performance and Market Share Percentages* on page 5 of the Review make interesting reading.

In both Food and Non-Food divisions *volume* increases approaching 5% were secured by Co-operative trade but when the actual increases are recorded the total for these two main divisions (excluding services such as Funerals and Motor trades) show increases of 8% while the total for All Retailers recorded a 10% uplift. In the larger Food division, we recorded increases of 8% against the rapidly declining Small Retailers at 4% and Large Retailers at 11%, making an overall Food increase of 9%. In the Non-Food side of the business our decline in Clothing and Footwear and Household Goods continues.

Taking a longer term view the table giving the percentage breakdown of Departmental Sales, shows the changes in Co-operative trade over the last decade:

Department	% 1988	% 1978
Food (excluding Dairy)	61.4	61.4
Dairy	9.6	12.8
Non-Food	15.6	19.4
Motor Trades	7.2	2.8
Travel/Funerals	6.2	3.6

While Food has remained static the decline in Dairy (due to diversion to shop sales or sale of Dairy businesses) and Non-Food (withdrawal partially or fully, particularly from the apparel trades) has been balanced by increases in the growing Motor and Travel trades, together with successful efforts in expanding the Movements' share of the Funeral Undertaking business.

Market Share (again excluding the service trades) has fallen from 4.5% to 4.4% during the past year.

In Summary

In *Summary* then I can do no better than quote from the introduction to the Review:

"There was again areal increase in Co-operative turnover accompanied by further growth in profitability. Unfortunately, the paradox of a physically growing Co-operative sector enduring a declining share of the market remains. The pace of that decline did though slow a little following the continuation of the upturn in trade detected towards the end of 1987, and the fall in market share was, both divisionally and overall, confined to 0.1 of a percentage point."

It does then seem that there truly is a 'hint of spring' in the air for retail Co-operatives even though the rough times are not all behind us. But the retail trade is a continuously changing scene, and I cannot help but recollect that just three years ago in compiling my Congress Address I referred to the savage effect on Co-operative Non-Food trade by the emergence of specialist chains seeking out particular segments of the market. Two such chains I had in mind were Next and the Storehouse group and just look where they have landed in recent months!

So, despite the continuous efforts to write-off Co-operatives we are still there and improving and hopefully in the next decade we can begin to recover our market share with a corresponding improvement in profitability and hence retentions. Perhaps a radical review in depth, as carried out by

the Labour Party in the political field over these past two years, could determine objectives and, within the principles of Co-operation, point out how they could be achieved.

The Author

W.H. FARROW was, until his retirement, Chief Executive Officer of Co-operative Retail Services Ltd. - after service as C.E.O. with United Co-operatives and North Midland Society. He has been director and chairman of the C.W.S., director of the Co-operative Bank, a member of the Central Executive of the Co-operative Union and President of Congress, a director of the Co-operative Press, and a member of the board of the Co-operative Development Agency.

Some Reflection - and Projections: 4

T.E. Stephenson

The Annual Review of Statistics is once again available, giving a picture of the Co-operative movement that provides for 1988 indicators of the present state of play and of the likely future.

The overall figures show a modest increase in profitability which, at 2.1%, still falls far short of the 'milestone' of 2.5% and is a long way from the 5% of sales recommended by the Capital Structure Report.

Behind the Figures

The danger is that these and other national figures obscure the real position of societies. The convenient shorthand of national statistics must not stand in the way of our understanding of the individual society position. When this is considered, the wide range of society performance becomes apparent. Concentrating on the results for the twenty-five largest societies, the trading surplus as a percentage of sales varies between 5.1% and a loss of 0.6%. Of the twenty-five societies, ten achieved 2.0% or more, ten fell to between 1% and 2%, with three between 1% and 0%. Two recorded losses. When net surplus as a percentage of sales and reserves as a percentage of capital liabilities are examined, we have further evidence of the strengths and weaknesses of individual societies and of the disparities between them.

When we turn to the performance of non-Co-operative retailers we find a similar spread of results. For example, of the 45 grocers in the Top 500, a listing prepared by the Corporate Intelligence Group, we find that some 17 operators either made less than 1% pre-tax profit, or, in the case of seven, a loss. Again the range of net margins among the top twenty-five largest operators was 7.0% for Sainsbury, dropping to 0.6% for Walter Willson. However, it has to be remarked that of the twenty-five, two recorded net margins over 7%, five between 5% and 7% and nine between 3% and 5%. Considerable variations of sales per square foot also emerged with Sainsbury topping £800, Waitrose falling just below that figure and Safeway coming out at £560, Tesco at £540, Asda at £510 and Gateway at £405. Many others produced figures in the £300-£400 range. At the lower end of the scale, R.T. Willis (Superstores) Ltd. produced £145 and Walter Willson £174.

Variations in Co-operative and Private Enterprises

While many of these figures outstrip those of the top twenty-five societies,

the essential point is that there are considerable variations in both private and Co-operative enterprises. While the top private traders outperform the best of Co-operative societies, some of the latter produce strong performances that are liable to be lost sight of in the national figures.

The range of individual society performance is such that it is abundantly clear there is no easy or tidy solution to the problems that exist. Taking the national figures as a starting point, there is the danger of thinking nationally, of applying national solutions to local and regional issues and of failing to appreciate that the successes and failures of societies are regularly grounded in local conditions, local history, local belief, local boards and management and accidents of time and place. It also fails to take account of the great diversity of local activity, a diversity unequalled by individual competitors.

For the local or regional society to think in terms of the operations of national competitors can lead to faulty and expensive decisions. For example, while many societies have sought to compete with large competitors through the development of superstores and the like, it is evident that not all of these ventures are successful. Indeed in some cases the development has placed a serious burden on the society in question. This situation is exacerbated when a society undertakes an extensive development programme with too small a resource base. It is in the nature of any development programme that out of a number of starts one at least will be a failure. For a society with limited resources, a failure puts the society at risk and threatens its future as an independent entity.

Hopes, Expectations and Beliefs

Behind the figures are countless decisions which are based on the hopes, expectations and beliefs of boards and managements. It is these qualitative elements which lie at the root of success or failure. For example, development programmes are based on assumptions as to the supply and demand for finance; the demands of those who are stakeholders in a society, that is, the members, customers, suppliers, board, management, and staff; the pressure of competitors and so on. Of overarching importance are the management's beliefs relating to its own effectiveness, the state of the market and its future shape. Central to these beliefs is management's vision of the society's distinctive competence, which defines what the society's economic, human and technological resources can and cannot do.

Managers interpret statistics and make judgements which shape their decisions, which in turn produce further statistics. At the core are judgements and beliefs. They act as filters through which management perceives the realities facing a society. They serve the double purpose, first, of simplifying the world in which they operate and second, of providing continuity and stability when change threatens to undermine the lessons of their experience.

On the Financial Choices Presented

The significance of beliefs, expectations and assumptions lies at the root of the demand for funds. If managers believe in their own ability to manage large scale developments, if they believe the future is promising, if they believe the gains far outweigh the risks, they will seek the funds. If they are cautious or pessimistic about these uncertain elements, they are less likely to demand the funds.

Another example of the importance of beliefs is to be found in the approach of management to a policy of diversification. Here assuredly much depends upon management's view of its own ability to manage diverse activities and of the risks involved in such a strategy.

An underlying factor in the demand for funds for both development and diversification is management's attitude to their availability and cost. Some managers hold to the illusion of unlimited cheap resources. Others recognise that finance has to be rationed carefully in the light of a society's ability to support a heavy debt structure. Whichever of these positions is taken by individual managements will be reflected in the output of society statistics.

Limited resources relate not only to capital but to a number of other factors, all capable of being viewed differently by managers. These factors include:

- management's knowledge of competitive conditions and capacity,
- the ability to predict the future of retailing,
- the ability to implement investment decisions and to manage the human and financial resource commitment agreed upon.

- Or in the Perception of Risk

Related to the financial choices that a society's management makes is the critical matter of how risk is perceived. Financial choices are conscious trade-offs between risk and reward. Management rarely mentions risk as a major consideration in making decisions. To do so might be seen as a failure of nerve, and to speak of danger is to imply weakness and vulnerability, which run counter to management's responsibility for inspiring and instilling confidence in the society at large. Added to this is management's belief in its own wisdom and skill and its avoidance of self-doubt.

Another belief that plays an important part in determining society behaviour

and the statistics that emerge is related to the desire for self-sufficiency and a wish to be independent of outside organisations. Managers differ in the degree to which they wish for independence but given the limited ability of societies to achieve full independence, the perpetual question is how can a society's dependence be kept at a level which is not seen as threatening? What that level is will depend upon managerial beliefs.

Underlying all these beliefs is a basic concern with survival, with the accomplishment of individual and society immortality. This underlies the aim of maintaining independence from outside sources, of developing strategies aimed at growth through development and diversification, and of efficient operations.

The Price of Freedom of Management

It is the pursuit of these aims, supported and influenced by differing managerial beliefs, that can and does lead to society difficulties. Independence is often maintained, developments undertaken, new fields entered, when all the evidence of the Review and other indicators points to the fact that there is no future for the society, and that growth is pursued at a cost which is beyond the society to maintain.

Managerial beliefs can be in a state of tension, and conflict is resolved when managers determine their priorities. It has often been claimed that too many managers are concerned with commercial success and its associated beliefs at the expense of Co-operation. The Review does provide some evidence that commercial success provides the springboard for greater support for Co-operative activities. The price of the freedom of management to seek commercial success is twofold; first, management must accept that failure to produce profitable results has inevitably serious career consequences and second, that when a society is successful an adequate part of the profits must go to funding Co-operative activities.

Lessons of the Review

1. National figures should be treated with caution. For effective action they need to be broken down in to their constituent parts. When this is done it becomes clear that some societies are doing much better than the national averages. This poses the question, 'What are the reasons for their success?'
2. When private retailers are considered, there is also a significant spread of results. The most successful private traders do significantly better than their Co-operative counterparts. Their results allow them to develop in a manner which is denied to Co-operative societies. It is important to know how they achieve their success, but it is equally

important to recognise that their style is not always a sound guide for societies. The context in which they operate, and their beliefs, are not necessarily the same as those of Co-operatives.

3. Managerial beliefs influence decisions, and the results of their application can be seen in the Review. It is always necessary to look behind the figures to the policies which reflect managerial beliefs. Development programmes and diversification activities are clear indicators of managerial thinking which influences the statistics that appear.
4. Commercial success is a prerequisite for effective support of Co-operative activities.
5. Quantitative and qualitative assessments are inextricably interwoven. To stress one to the exclusion of the other is to set the scene for serious misjudgments and faulty decisions.

The Author

TED STEPHENSON, formerly of the University of Leeds, was then and is now a writer, lecturer, and consultant on Co-operative management. His writings include *Management of Co-operative Societies* (Heinemann: 1963) and *Management: A Political Activity* (Macmillan: 1985).

Co-operative Workers

by Professor R. Briscoe

It is ironic that consumer Co-ops, the champions of economic democracy, are often hesitant about giving a bigger say to their own workers. This hesitancy is all the more bewildering when so many conventional big businesses around the world are eagerly trying to push more of the decision-making down to their employees¹.

After all, no one could accuse the GMs of the world of getting sentimental about the human rights of their workers. If GM, Procter and Gamble, General Foods, and hosts of other giants of the business world are investing in employee participation programmes, it is because they recognise that giving the workers a voice pays off, in terms of bigger profits and better quality. Worker involvement is good for the bottom line.

Variations of Employee Participation

The variations on the involvement theme are mind-boggling. Some of the better-known approaches are job enrichment, socio-technical systems, Scanlon plans, quality circles, quality of working life programmes (QWL), and employee stock ownership plans (ESOPs). The list grows longer every day. Norman Macrae² floated the idea of "intrapreneurial groups". He advocated setting up self-managing businesses within the walls of the staid bureaucracies to bring in a breath of competitive fresh air. Rosabeth Moss Kanter³ proposed the establishment of a parallel democratic organisation side by side with the autocratic pyramid. Workers would then spend up to twenty per cent of their time in these parallel structures, gathering information, and generating new ideas and commitment to change. According to Kanter some of the sharpest American firms owe their competitive edge to the communes inside their gates.

Each technique has its band of apostles and its zealous consultants who do a brisk trade helping firms plug into the latest participation gimmick.

Co-operative Scepticism?

It is surprising that Co-ops have remained largely unmoved by all of this fervour. The Co-operative is supposed to be about democracy and involvement in the decisions which affect our lives, yet the concept of industrial democracy is viewed with some suspicion in Co-op circles. Perhaps it is reasonable to be sceptical. Techniques like QWL and quality

circles can be seen as little more than sophisticated ways of exploiting workers more efficiently, without granting them the real control and enfranchisement that comes from ownership rights and a democratic structure. But all too often, Co-operators seem to oppose worker involvement for the wrong reasons. They fail to understand the potential advantages of worker participation and can visualise only dangers and pitfalls. Moves to allow worker members on the boards of consumer Co-ops are frequently resisted by picturing the problems which might arise from permitting workers to boss the boss.

A more credible concern is the desire to avoid diluting the concept of a consumer Co-op. Extending full membership rights to workers, it is argued, will serve only to weaken the fundamental purpose and rationale of a Co-op. A typical argument is that a consumer Co-op is supposed to be owned and controlled by consumers and not by employees. The interests of consumers will only be paramount when they themselves control their own organisation.

Multi-stakeholder Co-ops

Ways around this impasse are merging from recent experiments in Canada's insurance Co-op, the Co-operators' Group⁴.

The Co-operators' Group prides itself on being a good employer and has long been interested in modern management techniques for winning the hearts of workers. More recently, they have begun playing with the intriguing idea of a multi-stakeholder Co-op, which provides a degree of ownership and control to all the groups which have an interest in the organisation. Such a Co-op might, for example, divide ownership and control between the users (consumers) and the providers of a Co-op's services (the workers).

An early experiment was to change the ownership structure of one of the group's subsidiaries, Co-operators Data Services Ltd., which provides computer services to financial institutions. The new structure divides control between The Co-operators' Group (formerly the sole owners), the users of the service and the workers at Co-operators Data. Not only do users and staff share in the control of the organisation, but they also share in its financing. Users invest 15 per cent of their annual billings, and staff subscribe 15 per cent of their annual salary, payable over five years.

The whole idea was inspired by the successful hybrid Co-ops which belong to the famous Mondragon group in northern Spain. The Mondragon network is mostly made up of worker Co-ops, owned and controlled by the people who work in them, but the Co-ops which really

captured the interest of the Canadians were a number of hybrid organisations which were also part of the Mondragon system. An outstanding example was EROSKI, a booming retail chain, owned jointly by shoppers and workers.

EROSKI seemed to combine the strengths of both worker and consumer Co-ops, to the advantage of both interest groups.

The multi-stakeholder approach could have a number of applications in the British context. Employees could be given the chance to buy a stake in a branch shop being converted into a convenience outlet; instead of departments being leased to outside concession-holders, they could be leased to groups of employees.

ESOPs for Co-ops

Unity Trust, in an effort to increase employee control of the economy, has developed an employee share ownership programme to provide workers with the capital they need to buy a share of the business they work for.

Employee stock ownership plans (ESOPs) have been so successful in the States, that according to one recent estimate, something like ten per cent of workers in the USA are employed in companies which operate ESOPs. Research has also shown a positive link between a firm's profitability and its operation of an ESOP. Not all ESOPs are shining examples of worker democracy. Some offer a share of ownership and profits but deny decision-making rights to workers. Others provide for democratic control by workers as well as 100 per cent employee ownership.

The Co-op Bank's efforts to develop a Co-op ESOP should be encouraged⁵. It provides an approach to involving workers and giving them a piece of the action, without disrupting the basic structure and principles of a consumer-owned Co-op.

An openness to such experiments is vital for the future prosperity of Britain's Co-ops. We should explore every possible strategy for increasing workers' commitment. We should do so not just because we believe in economic democracy, but because it makes good business sense as well.

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PROFESSOR BRISCOE was educated at Exeter, Manchester, and Harvard Universities. For his doctorate from Harvard Business School his thesis was "Traders and Idealists" and dealt with the management dilemmas of consumer Co-ops. His work experience has included periods with the CWS, University College of Cape Breton and the Bank of Ireland Centre for Co-operative Studies at University College, Cork. He is now head of the School of Social and Economic Development at the University of the South Pacific.

Views from the Bridge: 1

R.G. Aspray

Chief Executive, Norwest Co-operative Society

Co-operative societies should currently be examining their employment policies and practices very closely in order to meet the changes within the employment market over the next few years. Known demographic changes will see a reduction of 25%-30% in the numbers of young people aged between 19-22 over the next 3-5 years. The implications to Societies are indeed most serious particularly in relation to the past five years, when there have been considerably more young people in this age category than there were jobs available, thus resulting in unemployment and widespread training initiatives of varying standards.

Consequently, in an environment where employers are going to be vigorously competing for young people, the image, reputation, and public perception of the employer becomes an even more vital tool of recruitment. Employers need to attract young people, they cannot afford not to, as they represent the life blood of the employers' future prosperity. Each Society must give serious consideration to how they are perceived by young people. What role has the Society played in the community it seeks to serve and how well publicised has this role been? The Society needs to be aware of how well it has attracted young people of quality in the past, and how well they compare with their competitors in this respect.

Co-operative Principles - and Youth?

In considering Co-operative principles, we must ask ourselves how relevant those are to young people today. Are they interested in open membership, in democratic control through "one member/one vote" etc.

We must be aware that young people's ideas, thoughts, and perceptions are changing considerably. Does the Co-operative Movement mean anything to young people today? Does it represent change, modernisation, growth, development? If it does (or is progressively moving that way) then the Society has a chance, particularly when it enters the market to sell jobs.

The Movement can point to some positive achievements in the education and training arena. Societies have been and still are heavily committed to the Youth Training Scheme and other training initiatives and have the benefit of being able to offer multiple choice across an ever-widening range of retailing skills. This is certainly a distinct advantage over many competitors and one which needs to be fully exploited in the future.

Most Co-operative Societies work through their Member Relations Departments in establishing firm community links. The all-important factor is whether such activities are fully marketed and publicised, and whether the public perception of the Society as an employer is matched by the services it provides to the community.

Establishing the Links

Societies must establish and maintain close links with schools/colleges etc. and keep in touch with young people, as this is the first and most positive contact for gaining an appreciation of Co-operative principles and why we are different. They should have a well publicised training and development policy, and be seen to be involved at careers conventions, both in conjunction with local authorities, and separately at schools. Societies should perhaps take the initiative and contact individual careers officers at local schools, or groups of career officers and invite them to the Society, pulling on effectively a Sales Campaign of Society employment benefits, together with basic principles of Co-operation.

Other suggestions may include an 'Open Day' at the Co-op, which on face value may appear to be a problem we could all do without but would be an example of the Society taking the initiative to make contact with prospective employees rather than hoping they will get in touch with us, as previously.

In the immediate past simply getting a job was often the important initial criterion which the individual applied; now and even more so in the future it will be whether it is the right job for the individual who will have a choice. Part of that process of choice ideally should include an appreciation of the Co-operative Movement, its ideas, and principles and though it will be no easy task, ideas and initiatives must be found and explored to present our case as a prospective employer with a special background.

Views from the Bridge: 2

R. H. Burlton

Chief Executive Officer, Oxford, and Swindon Co-operative Society

Yes - basic Co-operative principles do have implications for societies' employment policies and practices in at least the following major areas:

Rewards - we understand and have sympathy with the concerns and aspirations of our employees with regard to matters such as security of employment, remuneration, and benefits and do not regard our employees as mere units of production.

Participation - our Co-operative ideals lead us to encourage employees particularly to become members of the society, and to participate actively in the democratic control of the society.

Involvement - we aim to create an open, consultative style of management in which the views of shopfloor staff are sought and valued, albeit that this must not degenerate to an abdication of management responsibility for decision making and central control.

Rewards in Co-operative Employment?

Unfortunately, principles cost and the generally low level of societies' profitability in recent years has led to a position where it is now difficult for us to argue truly that the rewards and benefits of employment with a Co-operative society are the best available in the retail sector.

Even those long-cherished advantages of the employees' pension scheme and a commitment to training and development are areas where other retailers have overtaken Co-operatives and established leading positions for themselves. We are deluding ourselves if we believe that we are still in the vanguard. Many competitors have overtaken us in terms of the commitment and resources devoted to staff training and development. How many Societies' pension schemes match the provisions of those offered by Tesco or Sainsbury's?

We are also obliged to acknowledge that our primary remuneration packages do not enable us to claim industry leadership - a source of genuine and deserved pride in pre-war years. Frankly, our performance does not permit us to pay higher wages than everyone else in the retail sector and yet most active members and directors and many officials would admit that retail and service wages are low in relation to industry in general.

Perhaps acceptance of this point will provide reinforcement to officials and directors in their efforts to improve societies' performance- if we really want to be in a position to put our money where our mouth is (or certainly where our heart is), we must generate the money in the first place.

Conversely, however, there are Co-operative policies and practices in which we can take pride. Some retailers recognise trade union membership as a convenience in industrial relations. Co-operative societies promote trade union membership out of a conviction and commitment that the interests of individual employees are best served by membership of trade unions. Further, the Co-operative movement has a proud record providing educational facilities for colleagues from the Third World through Stanford Hall.

Involvement in Contributing to Policies

We aim to be a caring employer, not cynically because this is good industrial relations as many employers have come to realise, but because this comes from our Co-operative creed. Caring means more than ensuring that the staff canteen is painted and clean. In my book it also means being prepared to listen and take seriously the views of employees, of being prepared to accept that local knowledge is sometimes right, and provision should be made for it to be grafted on to centrally determined policies.

Participation In Membership

Involving employees within the Society leads naturally to their participation in stimulating membership and as active members themselves. This is the continuing Co-operative difference in employment. Some of our retail competitors devote considerable resources to securing the commitment of their employees to their cause through communications activities, profit sharing and share distributions. Not even the John Lewis Partnership, however, comes close to the Co-operative model where employees can participate directly and meaningfully in the democratic control of their society.

We have a duty to educate and encourage staff to play their democratic role within the society. This does not mean just to be wheeled out as an occasional block vote to protect the society from the activities of some single-issue pressure group or other. It means more than just token references on induction courses. If we can convince staff that they have a real stake in the business and can influence its direction then we are doing something distinctively Co-operative.

Most large employers now devote substantial resources to staff communications; everything from newsletters to videos. Which of our competitors is able realistically to encourage large numbers of staff to attend a shareholders' meeting where they can question the Board and senior management about real policy issues and expect an answer?

If we are to pay more than lip service to the Rochdale principles, we have a duty not only to provide vocational training for staff, but also to educate them for their role as Co-operators.

Views from the Bridge: 3

George Macmillan

Chief Executive Officer, Scottish Midland Co-operative Society

Consumers of goods and services deserve, and indeed demand, a fair deal. This statement is no less valid today than it was in the middle of the nineteenth century when Co-ops were rapidly emerging. Recent statistics from the Office of Fair Trading reveal that over ten million people each year are dissatisfied with a purchase they have made and are prepared to register their complaint in a way that demands that something be done about it. Consumers also make considerable efforts to seek advice and information that will help them to get exactly what they want at a price they are prepared to pay. Consumer Councils and similar organisations are here to stay.

The Pressure of Consumer Choice

The most important consumer pressure, however, is not the formal complaint, but the exercise of choice to shop elsewhere when goods are inferior, or services are inadequate. This power of choice has never been greater in the retail field than it is today. Providers of goods and services are very conscious of this consumer pressure and seek advice from market researchers. This tends to result in the public being offered a similar range of goods, at similar prices, presented in similar store environments and utilising similar methods of merchandising.

Recognition of the difference between one retailer and another in the eyes of today's customers is being increasingly influenced by their perception of the attitude of staff towards them as purchasers. An important factor in achieving the competitive edge today involves identifying and satisfying the needs of customers and gaining and retaining their loyalty. In achieving this successfully it is the attitude of staff towards customers that can make the vital difference.

Cultivating the Staff - Customer Relations

The establishment and maintenance of good customer relations is wholly dependent on the positive attitudes of staff and their willingness to respond to customers' needs. Appropriate employment policies are a major factor in creating the right employee attitude and employers now need more than ever to adopt employment policies and practices designed to create the essential relationship between their staff and their customers. Because of the pressure of competition in retailing, it would be only too easy to be drawn into attitudes that are exploitive of customers by seeing them merely as "till fodder", but by adhering to basic Co-operative principles the Movement can avoid that pitfall and demonstrate "the Co-operative difference".

In the development of the Co-operative relationship between provider and consumer it is likely that Societies will adopt employment policies and practices which are not dissimilar from those of our competitors, especially since these have been increasingly influenced by legislation over the years, but it is interesting to reflect that the reasons for adopting particular employment policies and practices can be based on entirely different motives in each case.

The Co-operative Difference

The primary purpose of private traders is to generate maximum profit to provide rich rewards for distribution amongst a relatively small number of individuals. If their employment policies and practices create an atmosphere in which good customer relations flourish, it is only because this is recognised as an essential element in the pursuit of maximum profits. Co-operative principles are basically concerned with democracy, equality and mutuality and Co-operative societies flourished in furthering these ideals. Historically, while their activities were largely concerned with countering the exploitation of the consumers of their day, it was taken for granted that their philosophy involved these principles to their own employees as well as to the community at large.

The employment policies and practices of a Co-operative society must be influenced by the above general principles and in particular by the somewhat unique relationship that exists between Co-operative members, their society, and its employees. For Co-operative societies, putting the customer first is the constant factor. They exist to care for their customers and even if we were in the Utopian situation of holding a monopoly position, Co-operative customer care should be of the highest standard.

Employment policies for Co-ops must recognise that employees will only develop appropriate attitudes about caring for their customers if they themselves feel that the organisation respects them as individuals. Just as the Rochdale Pioneers introduced a new concept of trading, so societies today must strive to promote employment policies and practices that reflect all that Co-operation implies.

The Practical Conditions

Co-operative employment policies should ensure fair rewards and benefits, a safe working environment, harmonious working relations, equal opportunities, and encouragement to adopt the correct positive attitudes through continuous appraisal, development programmes and promotion to more senior positions through internal recruitment to fill such vacancies. Customer care must be an integral part of all employment practices. As well as carefully planned and enthusiastically presented customer care training to revitalise the basic courtesies, it is also the end

product of a structured approach to recruitment, training and methods of support and discipline that honestly acknowledge the basic right of each individual to be treated with respect.

It is a sad reflection on society in general that good employment practices have to be safeguarded by statute and that people at work have to be trained to be courteous and humane to others, but it is reassuring to bear in mind that Co-operative societies not only survive but thrive in such an environment. "Treating others in the way in which you would like to be treated yourself" is not a new concept to Co-operators but it may be well to remember this maxim when considering employment policies and practices to be adopted within the Movement.

Views from the Bridge: 3

Willie Tucker

Chief Executive Officer, Ilkeston Consumer Co-operative Society

A mere 20 years ago it would have been considered inconceivable that anyone seeking employment, almost at any level within their "very local" Co-operative Society, would not have previously shared in the ideals and beliefs of Co-operative principles or at least would not have certainly experienced a very quick conversion exercise in those principles. The thought of a "non-Co-operative manager" playing any effective part in the administration of a Co-operative society would have been unthinkable.

The Need for Principles

Principles, aims, rules, doctrines, codes, standards, "mission statements" (whatever they might be) - how can we, or anyone else for that matter, personal or body corporate, exist without them? Has it to be accepted as a sad fact of life that the commercial pressures of competition and the onward march of regionalisation are to go down in history as having robbed us of the very principles and aims upon which we were founded? Are principles and trading successes therefore to become alternatives? Surely not!

The hardliners of course will maintain that these principles are secondary to everything else and in answer to the question "what part should they play in present day employment policies?", they will say "none at all", (or to be kind to them, they might say, "very little".) What matters to them more than anything else is pure commercial success and that we simply survive at any cost. Not *how* or *why* we survive, or indeed what form in our survived state to assume, but simply survival, survival, survival.

Of the Owenites, Pioneers and the Christian Socialists, Bonner says "All were opposed to the prevailing system because it promoted social evils, selfishness, the exploitation of man by man, bad character, and consequent unhappiness".

Heard those words somewhere before? Fairly recently? Greed, greed, and more greed! Principles no more? Never more appropriate!

So, is the Co-operative Movement's survival without a strong belief in its principles no survival at all? For whom ultimately is to benefit from this huge survival exercise?

Co-operators - Employees?

I would suggest that today, more than ever before, the Movement is perhaps sadly, not employing "Co-operators" at any level and what we are appointing are highly skilled and highly trained employees, including professional managers, who are being employed to "manage a Co-operative Movement" on behalf of Co-operators.

It is clearly quite absurd to believe that everyone employed by John Sainsbury or Ian McLauren is an ultra right-wing believer in the capitalist system (or that all Robert Maxwell's employees are left wing loonies), so why do we Co-operators tend to assume the opposite for Co-operative employees? Or, like them, are we earnestly hoping and believing in a rapid conversion to the faith? First and foremost, and above all else, what our present-day movement is urged to seek is highly skilled, professional, fully trained employees of no matter what ilk, and is not there already plenty of evidence (some may say sadly) of this practice being employed in some of the Movement's largest and more successful parts today.

So where does this leave us, especially in our fight for "an economic system based upon common ownership and mutual aid" and do Co-operative principles have any place in modern day Co-operative employment policies and practices?

If we accept that the common denominator running through all Co-op principles (whether Rochdale's, Owen's or anyone else's) is the search for a system based on pure and complete reciprocal honesty between man and his fellow man, then which employer in his right mind would not wish to adopt that as his first and most important employment policy - and then live in hope that the policy became an effective reality in practice?

Additional Principles Needed?

However, to be practical I suppose that we should ask ourselves what

principles of Co-operation would be if we were starting the British Co-operative Movement in 1989 rather than in 1844. Clearly the open voluntary membership, democratic control and political and religious neutrality would have survived the test of time but one has to ask where in the 19th century principles are the safeguards for equality of women's rights in employment and, except for a vague inference, where is the defence of the rights of the ethnic minorities?

Some cynics will maintain that all of the aims and objectives of those early 19th century Co-operators have already been achieved, in some cases, through Government intervention and by changes in the law of the land, that they may have no relevance in today's commercial environment and that the Movement has in fact achieved everything that it set out to do in those early days.

Oh, if only that were so! Surely the economic environment based on greed in which we find ourselves in the late 20th century proves beyond all shadow of doubt that there is a greater need today for the principles of Co-operation (perhaps slightly modified) than there has ever been.

A Responsibility of Members - and Employees

So, in trying to reach a sensible conclusion to the initial question where do I find myself? Am I to be regarded as a hard liner, a professional manager who sees in my own job and those employed by me, no need nor necessity for a belief in the principles for which this great Movement stands, or are we rapidly reaching the situation where by far the majority of active Co-operators in this Movement are employees who in fact form the majority of the only real Co-operators left? There is surely a place for both, for without effective "Co-operative" management supported by a strong belief in "an economic system based upon common ownership and mutual aid" this movement might end up surviving and succeeding for absolutely no distinctive reason whatsoever. As we approach the 21st century, belief and loyalty towards our principles have to be revived and shared by everyone involved - loyalty and belief not only from our "member" Co-operators, but perhaps even more importantly, from our "employee" Co-operators.

Review of the Co-operative Union

by D.L. Wilkinson

The Annual Co-operative Congress held in Brighton in 1988 brought about a review of the Union's operations and services, which in turn led to a lively and passionate debate at the 1989 Congress in Torquay.

But in reality, it all began much earlier, some would claim in 1970 when the Union's trade advisory services were transferred to the CWS. There can be little doubt, however, that the Review Committee of 1984, under the chairmanship of George Bromley began to move events in the direction in which they have since travelled.

1984 - The Review Committee

The introduction in 1985 of 'chargeable services' changed the basis of funding of the Union which had been fundamental since its inception. Rather than an all-embracing subscription, providing access to all the Union's activities at no extra cost, fees were introduced in areas where the organisation was providing a service specific to individual societies' needs. The Review Committee suggested a three-year period during which this alternative approach could be tried and adapted to needs and would lead to adjustment in the Union's provisions based on the take-up of services being charged for.

Between 1985 and the end of 1987 income from chargeable provisions built up to around £250,000, somewhat lower than forecast, but not an inconsiderable sum. The main benefit internally was that it did bring about a new approach, a recognition of the need to 'promote' and 'sell' the services and introduced a competitive edge to departmental operations.

1987-8: Central Executive and Congress

However, in late 1987 the Central Executive when considering the budgets for the following year decided that a longer-term strategy for the financing and operation of the Union needed to be considered, having in mind the changing shape of the Movement, and more importantly the changing needs. A decision was taken to embark upon such a review during the course of the year. However, the pressure from societies built up quickly and was reflected in the proposals put down for the 1988 Congress, and which ultimately led to a Congress resolution "supporting the initiative of the Central Executive in undertaking a strategic review which will provide a basis for adapting the Union's role and structure to the changing shape and size of its membership".

Undertakings were given at Congress that the review would be progressed rapidly, and immediately afterwards member societies were informed of its objectives which were to provide a basis for-

- revising the organisational structure.
- revising the committee structure.
- reducing the basic level of subscription.
- adapting the range and level of services to the changing size and requirements of member societies.

Over the succeeding months, an extensive exercise of consultation took place. All member societies were asked to give their views, by way of a questionnaire, on the manner in which the Union was funded; the range of services provided and the level of satisfaction or otherwise with those services; the services which should be provided as a core activity financed from a basic subscription; those which could be financed by an additional optional fee; the role and usefulness of various committees; and the constitutional structure. This was supplemented by information gained from visits to a majority of societies and by comments and observations made both formally and informally during this period. The Central Executive itself devoted the whole of a weekend seminar to the issues, including consultation with the Chairmen of the Union's other principal committees.

Decisions by the Central Executive

The Central Executive took the view that it had a mandate to act, and in various areas, the authority to act, and that societies expected it to act. Consequently it finalised its proposals around the end of the year, and these were made known to societies early in January of 1989. In outline they were -

- The basic rate of subscription to be reduced by 20% in the current year.
- Subsequently the amount payable to be a year-on-year percentage increment.
- The basic subscription would finance a range of 'core' activities - see below.
- Additional subscriptions would be raised to cover other activities - see below.

- To effect savings, the full taxation service for societies to be discontinued, the role of the Economic & Research Department to be restricted to the collection and compilation of basic statistics, and expenses would be paid only to elected members of committees.
- The role of Sectional Boards would be changed, with the emphasis on liaison, communication and understanding between societies. Every society would be able to nominate a representative, and the frequency of meetings would be reduced from four to three.
- The Union's national committee structure would comprise a series of consultative and advisory committees, with representation from other bodies being limited to one each.
- Sectional Education Councils would cease to be a formal part of the Union structure.
- Savings in administrative time and costs would accrue from changes to committees.

Core and Other Activities

A central feature of the Review was to establish the 'core' and other activities of the Union, and these were determined in the light of the views expressed by societies, as:

- *funded from basic subscription*

- Parliamentary and other representations to Government.
- Information services.
- Limited taxation consultancy on general matters.
- Statistics.
- General Co-operative education.
- Legal and constitutional advice.
- Secretariat and general administration.

- *funded from additional subscription*

- industrial relations (Co-operative Employers Association).
- member education (National Co-operative Educational Association)
- political activity (Co-operative Party).

The basic subscription would also be used to support international representation; subscriptions to other relevant organisations, e.g. Retail Consortium; and grants to the Co-operative Party and Co-operative College Trust.

Any other activities which were undertaken to meet societies' specific needs, e.g. Staff Training, would be required to be fully self-financing.

The Union's Committee Structure

The Co-operative Union has always had a complex and complicated committee structure, and the approach taken was to endeavour to unravel this, make it simpler and less costly, but ensure that it 'enabled the views of the constituents to be articulated, and to be supportive of the role of the Central Executive'. Hence the proposals for Advisory (policy) and Consultative (technical) Committees at national level, and an extension of the Sectional Boards to include all societies, at Sectional level. The role of the latter would be adjusted to make them more relevant to today's needs, and recognising that they can and indeed do, no longer play the role they did when there were very many more societies in membership.

The Executive also took the view that Sectional Education Councils should no longer be considered to be a part of the formal Co-operative Union committee structure. As committees of the NCEA, they should be directly linked to its operations and be funded by those societies in membership of the Association, should they wish to see them continue. This proposal was related to the financing of member educational activity in support of societies needs via the NCEA fund.

1989 Congress Decisions

The lower subscription level, down from .035% per £ sales to .028%, was introduced from the beginning of the current financial year and confirmed at the recent Congress. The new basis of membership of Sectional Boards was introduced from the

beginning of the new Congress Year i.e. from June 1989, and as Congress approved the necessary changes to rule, the new role of Sectional Boards will begin to operate from the first meetings in July of this year.

However, Congress was unhappy with the Executive's proposals regarding the future funding of member education, and expressed its desire to see education services continue to form part of the core funding from general subscriptions. Consequently, the Central Executive will have to give further consideration to this aspect of its proposals, having in mind the views expressed by member societies regarding the level of subscription.

The Author

LLOYD WILKINSON began his employment in his local Co-operative society in 1953 and, after studies at the Co-operative College, joined the Union in 1962. After various posts, national and sectional, he was appointed General Secretary in 1974 and Chief Executive and General Secretary in 1981. He is also Joint Secretary of the National Council of Labour, member of the Retail Consortium and member of the Central Committee of the International Co-operative Alliance.



To me being a Co-operator implies active participation in Co-operative activities or involvement in promoting the Co-operative message. As a Co-operative-sponsored Labour Councillor in North Tottenham, bordering on Ted Graham's old stamping ground of Edmonton, naturally I have tried to "protect and promote" the Co-operative principles.

Retail

A new CRS store is rising half a mile from my ward, Tottenham High Road. The Council hopes that it will become the centrepiece of its drive to revive Tottenham High Road. At the moment the High Road is trying to pick itself up, a series of businesses trying to succeed amidst a shambles of fly-postered shops and fly-blown, rubbish dotted pubs, fast food restaurants, and night-clubs.

Funerals

The Council is just about to announce the setting up of a low-cost funeral scheme, in conjunction with CRS. After two years of meetings, persuasion, badgering and bludgeoning, the idea has finally emerged from the bureaucratic woodworm.

Housing

At long last, the Council is going to take housing Co-ops seriously. This is after a year long war of attrition. First the Chair of Housing was hostile, for no apparent reason. Then an officer was assigned to look at the prospects. But that officer is leaving the Council for pastures new - regrettably an all-too-common trend these days. But one day it might happen; the officers have at least now got the message that tenant-management Co-ops are the best defence against the "pick a tenant" clauses of the Housing Act, 1988 which allows private landlords to buy Council estates.

And now a Credit Union?

Unquenched, my latest "project" is to set up a credit union in North Tottenham. Like most inner-city Councils our Council has a big problem with rent arrears.

It is no good for the Government to rant on about the scale of the problem, we are well aware of that. What is required is some practical way forward. Of course we part company from the government over cutting - targeting - Social Security and Housing Benefits to provide lower Income Tax. We disagree with the Government on this because it does not create a land of milk and honey for the Council tenant. On the contrary Council tenants are more than likely to be dependent on social benefits, more likely to be unemployed or in low paid jobs, more likely to be from the black and ethnic minorities. But like everybody else, they want to enjoy the good things of life, have nice clothes, a three-piece suite, a (second-hand) car, a video, and a holiday in the sun.

The Problem of Debt

There are plenty of legal means of obtaining the ready cash required. Everyone can find a "friend in the pub". He is better known as the loan shark. There is always the pawn shop, (after all you can redeem your pledges) and Provident Cheques. Besides, it is not too difficult to get a major credit card like an Access or Visa card. Most banks and even building societies seem to be thrusting them at their customers. Some banks like Barclays, and regrettably now the Co-operative Bank, no longer issue a separate cheque guarantee card. They simply issue a combined Visa and cheque guarantee card.

The result is that money is borrowed at high rates of interest by people with low incomes to pay off their electricity bills or to buy necessities like a heater or cooker. Once caught in this spiral they find it difficult to escape since the "no questions asked, no security needed" credit brokers insist on getting their pay off, even if they have to use menaces. People who borrow from loan sharks find out too late that they have to repay many times the original amount they borrowed.

And the Co-operative Response?

This is where credit unions come in. Credit unions are savings and loan Co-operatives run by their members for their members. There are no middle men. They are an effective answer to the loan sharks and the pawn shop. They can help tenants and residents keep out of debt and save for things like holidays and cars. Credit unions are an insurance against the unexpected yet costly events common in life. They have worked in many other places, just like North Tottenham, and they can work there. Indeed a credit union can work in any community where there is a core of people committed to making it succeed.

In North Tottenham, thanks to the help of Peter Bussy, Development Officer of the Association of British Credit Unions, we have now found the dozen or so key people to form a Steering Committee to get the credit union started. A "common bond" is being defined and we are working towards launching a credit union in the autumn.

CRS in Top Gear

Four years ago the management structure of CRS was revised, to split its activities into major national trading divisions, each with clearly defined responsibilities and authority. These are a Food Division, a Non-Food Division, a Funeral Division, and a Dairy Division; an organisational structure not dissimilar to those of Tesco and Marks and Spencer.

The 1988 results of the Society justify the reorganisation. Turnover is up to £1,143 million from £961 million in 1985 and trading surplus is up to £32 million from £15 million. Since 1985, £215 million has been spent on capital projects; £75 million in 1988 alone. This figure exceeds the turnover in that year of all but the seventeen largest societies.

The 1985 reorganisation of the trading operation was paralleled by a reorganisation of the democratic structure. 25 Regional Committees were created in 6 geographical sectors. The Board of Directors consists of 8 directors appointed by the CWS, and 8 directors appointed by the Regional Committees.

The Society has further projected its social principles, with the innovation of an Annual Social Report, published for the first time in 1988. This set out the meaning of Co-operation in defined social objectives for consumers, members, employees, and the community.

With a Co-operative movement still needing severe rationalisation to face the future, CRS is prepared to play its part in that rationalisation process. In 1982, following its absorption of the London Society, it had declared that it could not take on any other major societies without financial assistance from the Movement. This remains the position, though CRS 's balance sheet is now in a much healthier state.

Meanwhile, plans for bringing back the Dividend, in the form of a plastic Shareholder's Card, are being developed. CRS was never against the "Divi" but feels that it must be done in a meaningful way and that it must be a payment out of surplus. Dividend fell into some disrepute during the 1960s and 1970s because it was being paid out irrespective of societies' profitability.

Co-operatives for the Poor

A recent visitor was Mr. Myron A. Gawigawen the Program Director, Co-operatives for the Poor Program, of the Co-operative Foundation of the Philippines, on a tour organised by the Plunkett Foundation for Co-operative Studies. The Philippines is a country with a population of over 57 million, with a per capita GDP in 1986 of US\$ 614. It is a series of islands, 7100 to be exact, of which 2773 have names.

The Co-operative Foundation of the Philippines started operations in January 1978 and was registered as a Co-operative in 1981. It aims to promote the development and growth of Co-operatives as instruments "for the social justice and uplift of the socio-economic conditions of the poor". It has adopted a definition of a Co-operative as "an association of persons (or households) usually of limited means, who have agreed to work together on a continuing basis to pursue one or more common interests and who, for that purpose, have formed an economic organisation which is jointly controlled and whose costs, risks and benefits are equitably shared among the membership".

The Foundation aims to develop Co-operatives as an aid to the alleviation of poverty, and to transform the Co-operative sector into an independent, self-reliant, and popular democratic movement. It offers management consultancy services in financial and business planning, education and training, legal services, and an information/communication network.

It gets the bulk of its funding from a four million Peso trust fund (1 Peso= £1) established through the Memorandum of Agreement signed by the Foundation with the Department of Local Government on 28 May 1978, and the Advisory Board of the Co-operative Education Training Fund on 28 May 1980. The Foundation also augments its income from consultancy earnings and "foreign funding sources".

Mr. Gawigawen is also the Chairman of the Board of Directors of the Non-Governmental Coalition for Co-operative Development. As such he is keen to see the development of a "North-South" dialogue on Co-operative development. He told me: "the ICA is one possible vehicle for this dialogue, but there are also many other Co-operative organisations which are not members of the ICA that I would like to see involved in the dialogue."

[Mr. Myron A. Gawigawen, Program Director, Co-operatives for the Poor Program, Co-operative Foundation of the Philippines Inc., 2nd Floor, CUP Building, Races Avenue, corner of Mother Ignacia Street, Quezon City, Philippines].

Co-operatives in China

The events of 4 June 1989 in Tiananmen Square, Beijing, are vivid to me since I visited China with John Smith MP, the Shadow Chancellor, and Co-op MP George Foulkes, in 1988. We arrived in Beijing on 4 July, exactly eleven months before the crushing of the democracy movement.

Tiananmen Square is the most enormous space, with sublime vistas and people flying kites, strolling, and enjoying the sights and taking snaps outside the Great Hall of the People and the Mao Mausoleum, or the entrance to the Forbidden City. The Square is redolent of the massive architecture of a confident communist regime, huge buildings with colonnades atop gigantic stone staircases. The Great Hall of the People is so large that it is only possible to picture the whole of the exterior with difficulty.

Tiananmen Square has great significance to the Chinese people, as a symbol of liberation from which the majority have benefitted. So the fact that the Peoples Liberation Army committed the worst of the atrocities on 4 June in the Square will never be forgotten.

A few days after the violence I saw George Foulkes who commented that almost every expert on China, many with a life-time's experience of the country, had missed the change of opinion which had occurred to bring about the democracy movement.

Fellow Co-operators

During these darkening days of June and July, as the purges continue against those who supported the democracy movement, my mind focuses upon a memory of a meeting with Co-operative friends in Beijing. Mr. K.M. Lu and his International Committee for the Promotion of Chinese Industrial Co-operatives met us in the House of Rewi Alley. They introduced us to the Beijing Handicapped Artists Co-operative, which makes the most exquisite Christmas and greetings cards, using cut out coloured papers.

Laurie Pavitt is making an attempt to re-establish the Anglo-Chinese Co-operative Development Society, and these cards might soon be more generally available in the UK.

I hope that our Co-operative friends are allowed to continue their work unfettered. If you are interested in them, please get in touch with me at 158 Buckingham Palace Road, London SW1W 9UB (01-730 8187).

The Greening of the Co-op

It is very pleasing to see the Co-op leading the field by becoming Britain's first truly green retailer. It has launched its "environmental care" campaign, which includes appearances by ecologist David Bellamy, free booklets, and an expansion of the Co-op's existing range of "green" products, like CFC-free aerosols, recycled egg cartons and organically

grown produce. Future plans include an extension of bottle banks, and an experiment with plastic recycling schemes.

As the country's biggest farmer, with 38,000 acres, the CWS has developed a conservation plan for each of its 21 estates. This includes its Stoughton Lodge Farm at Oadby in Leicestershire, where CWS will test methods of conversion to organic farming.

Indeed the CWS is so successful as a landowner and farmer that it is now managing for the cream of the landed gentry. These include Lord Mansfield, owner of the historic Scone Palace estates in Perthshire, and the Earl of Shelburne for whom they are managing 500 acres near Blairgowrie.

Last year CWS farms turned in a £3 million profit.

The Author

Dr. PETER CLARKE is Secretary to the Co-operative Parliamentary Group and editor of *Co-operators Platform*. He is a Tottenham Councillor and was Chair of Haringey's Social Services Committee 1987-89, and is Chair of the London On Line Authority, London's largest local government computer consortium. He is Secretary of *Co-ops for Labour* and Chair of ICOM'S Public Affairs Committee. He is an authority on closer relations among the Co-operative sectors and on the Co-operative Movement's relationship with the Government. His published work includes studies of the development of new Co-operatives and of Land Settlement Schemes for the unemployed in the 1930s.

Information Management

by Dr. Brian Carlisle

Currently workers' Co-operatives are undergoing a period of sustained growth in numbers in the UK and Europe. According to Cockerton and Wyatt (1985), one new workers' Co-operative was being formed every day in Britain in areas ranging from typesetting to office cleaning, from interior design to precision engineering.

This paper deals briefly with some of the problems related to poor information management in these organisations and identifies likely consequences resulting from such a situation.

Two Main Sets of Objectives

Workers' Co-operatives pursue two main sets of objectives.

First, they seek economic objectives such as job protection and creation; the payment of acceptable wages; and sometimes the growth of the firm.

Second, they provide a broad-based vehicle for the pursuit of social objectives, generally denied in conventional businesses. This attracts a wide range of views and movements concerned with establishing, for example, businesses which are an alternative to capitalism and state socialism; which provide the opportunity for more participative working practices and job arrangements which are more personally satisfying; the production and marketing of socially attractive products; and the opportunity to run the business on feminist principles which are claimed (by some feminists) to be less susceptible to conflict and competition associated with male dominated enterprises.

Pursuit of these two main sets of objectives often results in a multiple political agenda. When this happens there is the danger that in the pursuit of too many objectives few if any are effectively achieved.

Conflict In Pursuit of Objectives

In the case of rescue Co-operatives formed from the remnants of a failed private company and often producing redundant products with outdated facilities, social objectives are likely to be ignored, and the firm may be a Co-operative in name only. Also the expectation that people enjoy working in a Co-operative is not likely to be realised.

In contrast, constructive Co-operatives, formed on Co-operative principles, will usually place social objectives high on the agenda,

and may pay little attention to the pursuit of acceptable levels of performance.

Irrespective of the origins of their formation, any workers' Co-operative is faced with the realities of competing in a none too sympathetic market. To survive in such a climate requires sound planning and control of equipment, materials, money, and people. Failure here will result in high costs and/or inferior products delivered late.

Constructive Co-operatives finding themselves in this position may well degenerate socially in a bid to survive. They might even transfer to the conventional private sector.

The Need for Appropriate Information Management

Like all other businesses, workers' Co-operatives require appropriate information for sound decision making. However the problem of appropriate information at economic cost is a common one in small businesses generally, including workers' Co-operatives. Here information systems may be piece-meal without any clear development strategy. They will almost certainly be in part informal, much essential information existing in inaccessible 'black books', or in someone's head.

In an interesting article Franklin and Franklin (1982) drew attention to the following five mistakes a small business owner must avoid if he wishes to survive:

1. Not achieving market uniqueness.
2. Not developing and pursuing market centred strategies.
3. Not setting specific goals and designing relevant plans.
4. Not effectively managing daily operations.
5. Not developing effective controls and management information systems.

All five points listed above relate to effective information management and are concerned with the following issues:

- (a) Information will be required concerning customer problems and needs and other gaps in the market.
- (b) Documented information is essential on how the firm intends implementing policies at the operational level through sound tactical planning based on clear strategic management. This information will be concerned with the market to be served; identifying particular markets in which the firm has done well and being able to render superior value there as opposed to those in which it has been less successful.

- (c) To be effective in managing a firm's day-to-day operations, short term plans and goals must be specifically related to the work of individuals and groups within the firm. The plan itself must be measurable so that progress towards achievement (or lack of it) can be reported and acted on promptly. Often, when small business owners and managers (including Co-ops) attempt to plan their operations for the year, they find that much of the essential information is not available.
- (d) Effective management of an operating system (or conversion process) requires up to date, relevant information (for planning) and to enable comparisons to be made between current performance and operational plans (monitoring). Relevant information here will enable appropriate action to be taken (control) on such things as quality, cost, and output.
- (e) The issues raised in points (a) to (d) will suggest the need for an integrated information system for managers attempting to make short-term planning adjustments, redefining goals, and spotlighting changes in output and quality. Such an information system must be economically justified, its running costs being lower than the economic benefits gained from its use.

Like all other businesses, workers' Co-operatives require accurate information to co-ordinate and control their resource inputs which are people, facilities, money, and materials.

Particular Problems in Workers' Co-operatives

If conventional businesses with internal and external access to information specialists have the information flow problems described above, the situation in workers' Co-operatives is likely to be more acute.

First of all, workers' Co-operatives are unlikely to have a 'resident' information specialist and will not normally have funds for a consultant. In addition, they will be unlikely to receive specialist support from their local Co-operative Development Agency on these matters. These bodies appear to concentrate their efforts on how to conduct meetings and on marketing and basic accounting procedures, scant attention being paid to ensuring effective working of the operating system, whether manufacturing, transport, supply or service oriented.

Secondly, because of the particular organisational arrangements normally found in a workers' Co-operative, involving worker participation in policy decisions and invariably, operational decisions, the problem of designing an information system which matches the organisational arrangements, is cost effective and

enhances operational performance is a tall order for the majority of workers' co-operatives.

For example, flexible working arrangements and job rotation mean that traditional (management) information systems may not provide the required information in an understandable form to those who need it. This will quickly hamper sound decision making, manifesting itself in such things as: stockouts/ excess stock, poor quality and high scrap levels, reduced productivity, extended delivery dates, and increasing costs.

Relating Systems to Co-operative Organisation

Although there is little documentation of information systems in workers' Co-operatives and the main problems and conflicts they cause, there is evidence in some case studies which suggest that the information systems are not always appropriate to the needs of the users.

Paton (1978) feels that collapse of so many workers' Co-operatives over the years has reflected a failure to develop forms of organisation that reconciled:

1. the requirements of commercially sound management, with
2. an acceptable degree of employee participation.

Forms of organisation in Co-ops do not generally go beyond profit sharing, a weak supervisory board, and a participative management style - features found in some enlightened conventional firms. Thus there is a clear need for information systems to be designed to suit the organisational or desired organisational arrangements. This is very important in workers' Co-operatives since they have two systems of control: (a) a conventional management hierarchy, and (b) representative procedures.

Many of the problems emerging can be summarised in the question "Who has how much say on what sorts of decisions?" which itself raises some important issues such as:

- (a) What is included in management?
- (b) What are collective issues? i.e., what role does information play in including or restricting participation and influence of non-management members? In a small Co-operative of less than 8 people it would probably be a collective decision. In a larger Co-operative of 20 people or more it might be an elite group who restrict the influence of others by restricting the flow of information.

- And the Variations in Organisation

The issue of who takes 'community' and 'commercial' decisions is a critical one for workers Co-operatives. Whatever the solution in each particular case, appropriate information must be made available to the decision makers. In addition to meeting the democratic requirements of the Co-operatives through 'delegation' of decision making, the decisions should result in enhanced economic performance.

In some Co-operatives researched by the author there was a strong desire to develop information systems which would lead to efficient operation. However participation in decision making was a neglected issue. In contrast other Co-operatives had developed highly participative organisational arrangements, but conventional business systems were absent. In the words of one particular member ..."We don't wish to become involved in all that management theory stuff."

Clearly, the design of information systems has to be linked to the organisational arrangements. This is a difficult task particularly in constructive Co-operatives which tend to attract people idealistic in outlook who will generally feel happiest in a flexible, participative working environment. Unfortunately when deciding their objectives they may lose sight of the traditional business pursuit of profit and efficiency. In contrast, rescue Co-operatives may develop information systems which curb participation by the members in decision making, especially concerning operational problems.

Conclusion

Although there is a strong link between information management and job and organisation design, per se, the objectives of a workers' Co-operative will affect the working arrangements adopted and the information system used.

Therefore it is important for workers' Co-operatives, of whatever type, to develop appropriate information systems to match their objectives and organisational arrangements to ensure the prosperity and continuation of the firm.

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The Author

DR. CARLISLE has broad experience in the manufacturing industry as an Industrial Engineer and Management Consultant. His doctorate research, at the University of Stirling, was concerned with the effects of information management on job and organisation design in workers' Co-operatives. He is currently employed as a Senior Lecturer in Operations Management in the Department of Management at Glasgow College.

Realism in the Developing Countries?

by Ian Cameron

The trouble with proselytising organisations - and people - is that they reach a state wherein they believe their own propaganda. Governments, too, suffer from this malaise - c.f. Mrs. Thatcher and her colleagues.

Such rueful thoughts were brought back to me by a reading of an intriguing piece of academic work - a dissertation on *Workers' Co-operatives in Rural Bolivia* and, in particular, their contribution to solving the marketing problems of small farmers, which has been submitted by Ramon Dario Rojas Saldias to the University of Strathclyde.

When I was a boy and attended Co-operators' Day Rallies, Chairmen of Education Committees, Presidents of Societies and Co-op-sponsored M.P.s used to make fine, spirited speeches not only about good, energetic, efficient retail societies such as our own but also about sprightly, wonderfully operated workers' Co-operatives in Africa and Asia. One moment those concerned were living in abject poverty and malnutrition abounded. Two sentences on and they were all healthy, fit, and experiencing modest affluence. A few elders had met in a bamboo hut, had resolved to embark on a workers' Co-operative and - be it growing coffee or cocoa, or fishing, or whatever - 'abracadabra', 'ICA' and 'Horace Plunkett' and all was well.

The General Conditions -

It was not and is not anything like as simple as that. In the early part of his work, Mr. Saldias describes in great detail the conditions confronted by the Bolivian peasants. Thus, Bolivia has the second lowest GNP per capita in the American continent. The bottom has fallen out of the commodities market, and this has had a knock-on effect through the rest of the nation's economy. 50% of the Bolivian population depend entirely on agriculture and livestock for income yet receive less than 20% of the total GNP.

Quite apart from such production matters as the quality of their produce, the peasant farmers have long been confronted with formidable transport problems. The roads are poor, and their trucks are barely roadworthy; their storage facilities are poor, their cold storage facilities even poorer. Moreover, having no collective negotiation power, they are easily exploited by the middlemen. The producers have little access to marketing facilities.

-And the Particular Problems

The peasants have not been slow in inviting attention to the problems which "emerge" from the situation described above.

These include:

1. Ridiculously low-scale production, with practically no economies of scale.
2. The unacceptable levels of the perishability of the fruit and other 'fresh' produce.
3. Mishandling of and bruising of the produce.
4. Poor packaging.
5. Excessive delay in delivery.
6. Virtually no grading or branding of produce.
7. High transport costs.
8. Poor financial reward vis-a-vis the price paid by the consumers. (In other words, abnormally low profits for the producers and even more abnormally high profits for the wholesalers, retailers, and other so-called agents in the middle of the producer to consumer chain). Indeed, Saldias shows that there are quite too many middlemen, living in the towns and in the cities and doing rather well out of the peasants' produce as it works its way to the cities or even out of the country by way of exports.
9. The effect of the earlier points results in the producers experiencing omnipresent liquidity problems.
10. And that, in turn, exposes them both to higher costs for their requirements and to being in debt to the middlemen who purport to act as 'agents'.

The Exploiters

Mr. Saldias draws for support on the research of a fellow national, Cardona, who analysed the selling margins of 14 selected products, covering both fruit and vegetables. He concludes that the prices paid by the consumers were excessive and that even the retailers were being squeezed, as well as the consumers and producers, by the excessive profits of the numerous (and unnecessary) coteries of middlemen.

On the other hand, Mr. Saldias, and the peasants with whom he is "en rapport" believe that the producers are being exploited not only by the middlemen but also by the retailers, who "exploit" their knowledge of marketing. They also believe - but are somewhat lacking in evidence to substantiate their conviction - that Government officials joined the middlemen in their exploitation.

The answer to their problems would appear to be the establishment of Co-operatives.

Co-operatives - The Answer?

Mr. Saldias, however, brings out with disconcerting clarity that, whereas various Third World governments purport to support Co-operatives, many of them want the Co-operatives to become instruments of government policy. Moreover, occasionally the Government agents merely go through the outer manifestations of "creating" and "encouraging" Co-operatives and in fact work in conjunction with the middlemen to leave the 'New' Co-operatives weak and ineffective.

Then again, the establishment of a Co-operative calls for conformity with law. This requires organisation, literacy, and "management" ability not readily available in a community of illiterate or poorly educated people.

Even where these difficulties are not encountered, or are encountered but overcome, other problems emerge. Thus, any improvement in the lot of the peasants is, at least in the short run, going to result in less profit than hitherto. The middleman will not give up readily. In such circumstances, it has been known for them to sabotage the transport and/or the produce of the emerging Co-operatives.

Yet again, when all these difficulties have been overcome or avoided, the members of the Co-operative may not have the tenacity and patience to see their venture through to full success and/or may squabble over the distribution of the profit or surplus.

Giving Co-operatives a Better Chance

Mr. Saldias offers some additional points of advice to the peasant farmers in Bolivia and, indeed, throughout the world and to those who would assist them.

First, he argues strongly that it is important to assist such farmers to organise themselves in accordance with their traditions and culture and not to impose alien conceptions on them. The farmers must have confidence - or be able to build confidence - in their own organisations.

Secondly, the role of women, peasant women, in local economies should not be ignored and the Co-operatives should do all they can to draw on their competence, expertise and interest. Women, Saldias reckons, can play important roles in the "extension services" of the Co-operatives.

Thirdly and finally, Mr. Saldias clearly regards Co-operatives as institutions to fortify democracy - democratic thought and practice - as well as a means of improving the economic lot of the peasant farmer.

A General Reflection

Confronted with the enormity of the difficulties which Mr. Saldias reports, I cannot help but admire, even more than hitherto, those who, living in such an environment nevertheless still embark upon - and forge - and make a success of - workers' or producers' Co-operatives.

My summary of the lessons to be learned from the analysis by Mr. Saldias is:

1. Notwithstanding the tremendous difficulties, peasant communities are well advised to try to form and operate workers' Co-operatives.
2. There are three broad possibilities:
 - (a) They may fail - in which case, it is sad, but at least they tried.
 - (b) They may prosper for a time - and then fail - and although that is sad, at least it means that, for a while, the benefits were derived.
 - (c) They may prosper - and continue to prosper in which case there is every ground for self-congratulation although, no matter how long that success prevails, there is always the lurking fear that, faced with new problems, they find themselves in (b) above.

The Author

IAN CAMERON writes on a wide range of economic and Co-operative issues.

Try Again: Draw a Long Breath

by Lily Howe

'I can't believe *that*,' said Alice. 'Can't you?' the Queen said in a pitying tone. 'Try again: draw a long breath and shut your eyes.' Alice laughed. 'There's no use trying', she said: 'one *can't* believe impossible things'.

'I daresay you haven't had much practice' said the Queen. 'When I was your age, I always did it for half an hour a day. Why sometimes I've believed as many as six impossible things before breakfast.'

Practice in believing 'impossible' things, as with the white Queen, has never been lacking when co-operation between Co-operatives has been on the agenda. Belief in the principle has always been there. What has seemed impossible, except in a few brave instances, has been the translation of principle into practice.

Inter-Sector Forum

Now the broad Co-operative movement is on the trail again. With the intended demise of the Co-operative Development Agency - set up in 1978 - in the second half of next year, discussions are proceeding in the different sectors on post-CDA arrangements, including those of a possible successor to the present Inter-Sector Forum¹ convened under the CDA aegis. This Forum has met twice yearly over the last four years, with earlier meetings having been held to get it off the ground.

Four Forum Working Parties were set up three years ago: on Law -chairman Keith Brading (former Chief Registrar of Friendly Societies); Taxation - chairman Ernest Chesworth (Co-operative Insurance Society); Finance - chairman David Railey (Industrial Common Ownership Finance); and Education, Training, and Marketing - chairman Edgar Parnell (director, Plunkett Foundation).

These groups submitted reports to the Forum in March of this year - that on the Law, with a longer timescale, being an interim report-after they had been circulated to constituent organisations for their responses.

¹For earlier history of the Forum see Journal 59 'Co-operation between Co- operatives' by Dr. R.J. Birchall, published in May 1987.

The Working Parties

Later contributions to the *Journal* will doubtless deal in more detail and depth with the reports. In the context of this up-date on the Forum, requested by the Editor, references must necessarily be brief and inadequate.

The *Law Working Party* emphasised that the interest of government was necessary to bring about the kind of legislative change the movement as a whole would wish to see. But, equally clear, borne out by the building societies' recent experience, was that the desired results in legislation were best obtained through careful preparation followed by firm, unanimous presentation of 'requirements', with professional assistance at the ready and with the whole process underpinned by organised briefing and lobbying over a wide field.

Among the several areas examined, the Working Party looked in detail at the merits of a new comprehensive Co-operatives Act as against the amendment and extension of the I. and P. Acts. The Forum follow-up is related later in this piece.

The *Taxation Working Party*, after much deliberation, concluded that 'the best interests of all the sectors would be served if it concentrated on the specific area which has long proved a problem in many Co-operative enterprises - the raising and retention of capital'.

The recommendations on the taxation treatment of Co-operative profits are aimed at maximising their retention in the Co-operatives and are measures with many similarities to taxation treatment of Co-operatives in Europe.

This report was approved by the Forum meeting, with the rider that the CDA board be asked to look at it and forward to government any recommendations it thought appropriate.

The *Finance Working Party* chairman, David Railey, at the March Forum meeting asked that in the light of the need to adopt an appropriate strategy when the political climate was opportune, only one recommendation be taken to government, with the support of the CDA, at this stage.

This recommendation related to the expansion of the credit union movement 'which would benefit the more deprived section of the population'. Central government funding to strengthen the administrative infrastructure of the Association of British Credit Unions Ltd was considered to be both justifiable and desirable. Additionally, relaxation of the restrictions on interest and dividend rates and also the membership limits, all laid down in the Credit Union Act 1979, would provide extra stimulus to development.

The *Education, Training and Marketing Working Party* concluded that until there was a centrally funded organisation which could take initiatives for all types of Co-operatives, collaborative action would only be successfully achieved if one specific sector took on the responsibility for organising any joint activity. This viewpoint was endorsed at the March Forum which looked to a centrally funded body as the eventual ideal solution.

Joint activity would include organising an annual conference across all sectors for those involved in Co-operative education and training; organising a management conference for those involved in the practice and teaching of management in Co-operatives; maintaining a register of a video-based training material, as well as developing a register of other types of specialised training material for use by Co-operatives.

Other responsibilities would be establishing links with higher education institutions and feeding in information on Co-operative forms of enterprise; providing literature, including text books, which better cover Co-operative forms of enterprise across all sectors; and establishing a database providing information for buyers and sellers in all types of Co-operative business on a European basis.

The Forum and Its Constituents?

Sadly, by the March Forum meeting few responses to the Working Party reports had been received from constituent organisations. Indeed, returning to the interim Law report, the Forum decided that a schedule of the main options should be drawn up by Keith Brading and re-submitted to constituents by the CDA in the hope of gaining a fuller response which might help determine the form of the final report.

This lack of response reflects the relationship between the Forum and the broad movement. While individuals from the participating organisations have contributed to the Working Parties (though, with disparate views, the going has been hard in some cases) interchange between the Forum and its constituent organisations has never really taken off. And critical to the functioning of the Forum is that constituent organisations determine their views on subjects under investigation, then advising their Forum representatives accordingly.

By its nature, the Inter-Sector Forum is made up of widely varying forms of Co-operatives: consumer, agricultural, fishery, workers productive, housing, credit, insurance, banking, wholesaling, and others. Common ground for in-

depth investigation leading to progressive action is therefore elusive. Yet this is the purpose of the Forum.

Twenty-six representatives, including the secretary, Maurice Wright of the CDA, attended the March meeting. If all who apologised for their absence - 28 - had been there the attendance would have produced a somewhat bulky body to get to grips with policies beamed at the effective functioning of the various sectors.

A Future after the CDA?

Minds are now turning to the future of the Inter-Sector Forum if, indeed, future there is to be in the post-CD A period. Should it continue in its present form? Does the broad movement *wish* it to continue as at present? Would a smaller body consisting of chairmen and chief officials of national organisations be commercially more effective? Should the Working Parties continue? Who should, would, or could provide and fund the Forum secretariat?

Not too much time is left to resolve these questions and also to respond to the current Working Party reports by the next Forum meeting scheduled for October 18.

To return to the White Queen - 'Now *here*, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else you must run at least twice as fast as that!'

There is, in fact, no keeping in the same place for Co-operatives: either they develop, or they regress. The running shoes need to be put on now if the inter-sector relationships are to provide a practical stimulus to mutual progress.

The Author

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The Labour View

by Joyce Quin MP

The Co-operative and the Labour movements have long been on very good terms with each other. That it should be so is not surprising, for the principles of Co-operation foretold in many ways the principles of the Labour Party, years before the Party itself was born. Rochdale's pioneers struck a huge blow for working class self-determination against the Government which denied them the vote and the manufacturers who sought to exploit them; and their venture had immediate practical gains as well as massive philosophical ones. No history of the Labour movement, or indeed the country, is complete without it.

The Labour - Co-operative Alliance

Although the consumer Co-operative movement started out as resolutely non-party, it was natural that in time it should come to ally itself with the party that shared so many of its emancipatory ideals, the party that had learned so much from the Co-operators. The formal relationship between the Labour and Co-operative parties is now in its 62nd year. Through the 15-strong Co-op Parliamentary Group of MPs and Peers, and by their right to affiliate to local Labour Parties, Co-operators can make their views known at all levels. Labour, in turn, is increasingly drawing on Co-operative ideas and solutions.

The dual nature of the Co-operative movement is to be found in the existence of the producer and the consumer Co-ops. I was surprised to note that Beatrice Webb, back in the 1920s, took the view that producer Co-ops could not survive and that it was "consumers' Co-operation... which will constitute the greater part of the social order of 100 years hence". The view today is more mixed. Consumer Co-ops, while still the weightiest element in the Co-operative movement, have had to move on from the heady days of the 1920s. Worker Co-operatives have done better than Beatrice Webb thought they would, though they have still to reach the levels they have attained in some European countries. It is those I would like to turn to first.

Worker Co-operatives

For some time now, the idea of large-scale nationalised corporations, Herbert Morrison style, has been somewhat in retreat. The way these were managed, and their sheer size, often meant they were remote from the workers they employed and did little to promote workers' involvement. The lack of public esteem in which some were held allowed the Conservatives to

embark upon a programme of asset-stripping and even, for a time, to achieve some popularity for doing so. Yet the shortcomings of some nationalised industry in practice should not mean that we abandon all thoughts of stale ownership or of greater workers' control and tamely accept unbridled, often monopoly, capitalism for all of our industry. Nor will we.

Co-operatives have a significant part to play in the democratisation of the British industrial landscape. They are an attractive alternative to the risks of over-centralisation as well as to the elitism of the current status quo. They hold out the prospect of genuine participation and increased industrial harmony. But there are difficulties too, for worker Co-operatives, such as that of getting off the ground. Excellent principles at the heart of the Co-operative ideal - that capital should not manipulate labour - may nonetheless create problems of under-capitalisation. Labour wishes to help overcome this with its proposals for a range of local and regional investment banks, serviced and co-ordinated by a British investment bank. This will enable loans to be advanced on a scale, and on terms more sympathetic, than many of the current commercial lenders.

Labour has, in any case, already a strong record of support for Co-operatives from the Labour Government's "Co-operative Development Act" to the support for Co-operatives from many Labour local authorities across Britain. Our 1987 Manifesto contained the pledge to "encourage Co-operation in all forms". Furthermore, having been a Member of the European Parliament for the last 10 years, I know that support for Co-operatives is strong throughout the whole of the Socialist Group in the European Parliament and that European opinion generally, is favourable to the expansion of the Co-operative sector.

Housing Co-operatives

Labour is also aware of the role of housing Co-operatives. The recent Policy Review states, "We would seek to increase the resources available to local authorities, housing associations, and housing Co-operatives. We will examine and assist ways of supporting Co-operative housing, including the establishment of a national development agency".

Consumer Co-operation

The flagships of the consumer Co-operative movement, the CWS, and the Co-op stores, will I hope, play an important part in the lives of British consumers. This is despite the difficulties and competition of recent years. It is not for me to tell the readers of this *Journal*, many of whom have a deep knowledge of the Movement, where the future of the Co-operative retail movement lies. Nevertheless, I hope that the future will include

some annexation of new ground as well as consolidation of existing territory. One area where perhaps the Co-op could be a trendsetter is in catering for the environmentally aware and socially responsible consumer. In increasing numbers, consumers are keen to harness their spending power to the purchase of goods which do not damage the environment, and which do not rely, in their manufacture, on the exploitation of other human beings.

Finally, Labour with the Co-operative movement, opposes moves to general Sunday trading and the possible seven-day weeks for some shop workers which could result.

Co-operation, in a broad sense of the term, is likely to become more central to the political debate in this country over the next few years and there will be a preference for solutions which bring general benefits, rather than the divisive approach of Britain under Mrs. Thatcher. Take, for example, the current debate over the nature of the European single-market in 1992. Here we have a chance to prove that better social measures, and worker participation in industry, produces superior results both in terms of industrial relations and economic growth than the resolutely non-co-operative approach of many British managers and of Government. After the conflicts of the last few years, I believe that co-operation in all its forms will increasingly be seen, in the eyes of the general public, as offering the best way forward.

The Author

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The Co-operative Party

by David Wise

It has been illuminating to read the statements made in the Journal by the various Party spokesmen on the role of Co-operation. All of them expressed support for the principles and practices of Co-operation and, by implication, have suggested that its development occupies a central role in their policies.

But if one were to ask the same people, in other circumstances, for an exposition of their Party's policies, I feel that a different response would be forthcoming. Co-operation would be unlikely to receive the briefest of mentions.

Home Grown Is Best

But for us it is different. We are, after all, made up entirely of Co-operators. The promotion of Co-operation is the very reason for our existence. As that most distinguished predecessor of mine, Sir Jack Bailey, said in 1966, "The task of the Co-operative Party is with diligence, enthusiasm and pride, to protect and promote Co-operative interests and to apply Co-operative principles to the wider world we live in". How best to achieve those objectives has always been a matter of concern and even in the more fluid conditions of the 1920s it was realised that total political independence was impossible.

First, the Co-op had to forge an alliance with its comrades within the trade unions and Labour Party. Next, we had to recognise the indivisibility of the working-class movement and accept that for our Co-operative Party to succeed it must be an integral part of the Labour Party and act as a pressure group within it. That relationship has continued, has prospered, and has provided the Movement's many political successes.

Two Roles

There are, of course, times when things do not go well for Labour! For some faint-hearts (and closet Tories) these are times for trying to opt out of politics. But during an extended period of Conservative Government we still have two roles.

A Lobbying Force

A primary duty is to look after the Movement's day-to-day political interests as an effective lobbying force. This is a task that is undertaken by our competitors too. In our case, it has been a longstanding practice to act on and not behind the Parliamentary scene. We have taken the view that to adopt the

hole and corner method of many private vested interests would not only cost much more but would also detract from the Movement's standing and its reputation for fair dealing.

A Brake on Tory Government

Additionally, the Party has the role, during a period of Tory Government, to act as a brake. We do our best to reduce the impact of the assault on Co-operative standards and values inherent in Thatcherite policies. The view of the present Government that "society", "community", "public ownership", "local authority", and other collective groups are somehow inevitably inefficient and inherently inferior, needs to be countered. The Party, as the Movement's political fighting force, has to make sure that everyone - including those charged with the responsibility of running our Co-operative businesses - are not led astray by siren voices and continue to adhere to basic Co-operative principles at a time when they are under attack. The scandal of privatisation and the move towards the abandonment of mutuality status among building societies could be followed by an out and out attempt to destabilise consumer Co-operatives and to encourage them to abandon the role for which they were established.

A Spur to Labour

However, as the recent Euro-Elections have reminded us, nothing is for ever and the Co-op Party's principal task is, whilst applying that brake on Thatcherism, to spur on Labour's commitment to Co-operative development.

We have no doubt about the Labour Party's willingness to provide opportunities for the expansion of Co-operation. As Neil Kinnock says in his introduction to "Meet the Challenge, Make the Change", the Labour Policy Review, "Throughout this Policy Review, therefore, we develop the case for a democratic, decentralised form of government, involving people as directly as possible in the decisions which affect them, using the accountable power of the State to help create a society in which citizens have the means and the self-assurance to take responsibility for their own lives and to fulfil their obligations to others".

That is our green light. There are any number of ways in which positive support for individual, independent, autonomous, and self-governing Co-operatives can be provided by a government that *believes* in Co-operation.

Lines of Advance

A restored and strengthened *Co-operative Development Agency* should have as its remit a substantial programme of support for the development of worker Co-operatives. Enterprises which are collectively owned by the work force on

a Co-operative basis will retain the enthusiasm of the workers and, at the same time, will encourage a sense of community.

In Journal 61 Lord Gallacher put the case for *statutory Co-ops taking over such natural monopolies as the water industry*. The public furore over the Government's privatisation indicates a strong desire for consumer involvement and we shall press for a solution which will provide this. Other natural monopolies ought to be treated in a like manner.

More must be done to give assistance to *housing Co-operatives* for the general public and for specialist groups. The successes achieved among housing Co-ops by the development of an esprit de corps among member owners has already been demonstrated.

We shall also, through our Labour and Co-op Group in Parliament, be pressing for a commitment to Co-operative development in other areas. For example experience in other countries shows that Co-op methods can be made more use of *within the Health and Social Services fields*. Residential homes for both the elderly and the disabled can be operated on Co-operative or semi-Co-operative lines. They might well be integrated with producer Co-operatives which already, though to a limited extent, are helping to increase employment and social opportunities for disabled groups and others.

More can be done to develop Co-operatively operated creches for working mothers, especially in providing facilities for employees in small scale factories, shops, or offices where lack of numbers makes it difficult for employers to provide nursery facilities on an individual basis.

Further impetus should also be given to the development of *those groups which, whilst not calling themselves Co-operatives, work on Co-operative lines* and are socially motivated. A Labour and Co-operative Government will reverse this Government's wind-down of the NHS and will channel extra resources into the Service. But there will still be a real need for the whole of the community to give extra help and support both financial and physical. The enthusiasm that the NHS has generated - in part due to the misguided attack on it by this Government - could be turned to advantage by the promotion of a National Federation of Support Groups run on Co-operative lines.

There is thus no shortage of opportunities and no shortage of ideas. A vigorous Co-operative Party can ensure that a Labour and Co-operative Government puts them into effect.

The Author

David Wise is Secretary of the Co-operative Party.



New Views of Co-operation

The past eighteen years, since the flurry of works celebrating the bicentenary of Robert Owen's birth, has been a thin time for students of Co-operative history. There have been a few milestones, notably Kinloch and Butt's *History of the SCWS*, Jill Liddington and Jill Norris's *One Hand Tied Behind Us*, and, recently, Pearson's *Architectural and Social History of Co-operative Living*.

There have been some disappointments too. Two recent Co-operative society histories, Brighton, and Portsea Island, show little sign that Co-operative historiography has moved since the days of W.C. Brown, and for all the value for feminists, Co-operators could find little to arouse them in the Women's Guild histories, *Caring and Sharing*, and *Of Whole Heart Cometh Hope*.

New Work - New Look

For most purposes, the working tools of today's Co-operative historians are the products of a lost world, written when retail Co-operatives and their federal bodies were still essentially unchanged from their nineteenth century form. Housing Co-operatives were still in the slumber they had entered during the First World War, yet to be awakened by Harold Campbell and Reg Freeson, while worker Co-operation meant the etiolated remnant of the CPF, plus a sprinkling of Christian Socialist anomalies like the John Lewis Partnership and Scott Bader. In this impoverished world, a new book is an event - *New Views or Co-operation*: ed. Stephen Yeo; Routledge 1988; £30.

Stephen Yeo has been one of the central figures in the revival of Co-operative history in the past decade. He was influential in the decision to dedicate the Society for the Study of Labour History meeting in the late 1970s to Co-operative history in which some radically new work was deployed. (I particularly remember Robin Thornes' paper which has reappeared in this work). Since then, the enthusiasm of Stephen Yeo and Mervyn Wilson has lain behind the two Co-operative History Workshops which have done much to symbolise the revival of interest in Co-operative history. In addition he is a member of a highly productive school at

The University of Sussex, which has come under the influence of two great scholars of working-class culture and ideology, W.H.G. Armytage and J.F.C. Harrison.

Variety - and Coherence

When so many books turn out to be nothing more than collections or assemblages of essays, *New Views of Co-operation* as a self-confessed collection of essays, is, inevitably, an object of suspicion. The reader is quickly reassured by Stephen Yeo's linking text and the final, synthesising essay, and discovers with pleasure that this book has coherence and an overriding intention to reassert the distinct nature of Co-operatives as associative rather than collective institutions, and as essentially working-class groupings which rejected, or at least minimised, patronage and leadership from above.

The essays, roughly chronological in sequence, look again at figures like King and Holyoake, depressing King's overblown reputation as the Godfather of Brighton Co-operation, and reclaiming Holyoake the radical agitator from the condescension of the simplistic goodie/baddie dichotomy of socialism v Liberalism. A particular pleasure is Robin Thornes' handling of the 1827-44 period, showing that the blanket categorisation of the Co-operatives of this period as "Owenite" is misleading, and disputing the mythic position of the Rochdale Pioneers Society as the "new model" Co-operative.

Most of the essays live up to the claim of the book's title as "new views of co-operation", including a study of the origins of the Co-operative Party's link with the Labour Party which draws upon Cabinet papers and a range of Government sources to demonstrate an official perception of the Co-operative movement as at least a potentially revolutionary force. Other new insights include a vignette of the Crystal Palace Festivals, which throws a valuable sidelight on the producer-consumer debate; a piece on the "Dependents", a religious community who employed retail and productive Co-operation to provide employment and support for members and a service to rural villages; and a profile of a Bristol working-class auto-didact, John Wall, whose affiliations, like those of so many of his working-class contemporaries, included uneasy loyalty to the Baptist persuasion, to socialist groupings, and to more than one emerging retail Co-operative.

Uneven Quality

Inevitably, perhaps, in a *feldtschrift*, the papers are of uneven quality. That some do not represent the sharpest and most original work in their particular

fields is, perhaps, less surprising than that so many of them do succeed in presenting the reader with a new and startling perception. A study of James Larkin's "Co-operative Commonwealth" is of some interest, but its relevance to Co-operatives or Co-operation is slight. Other chapters, like that on the Women' Guild and the Divorce Law Campaign are so far from a new view that they add little in interpretation to G.D.H. Cole's 1944 account.

One disappointment to the reviewer is Neil Killingback's paper subtitled *Economic and political attacks on Co-operation during the 1920s and '30s* which seems to fall into the Statist fallacy, so pervasive in labour history, of perceiving labour organisations as locked in conflict with the State, with other agencies holding the ring. The inter-wars period is the high point of conflict between the capitalist retail trade and consumer goods manufacturers, and the spearhead of the attack was the extension and enforcement of retail price maintenance, deployed in an attempt to prevent Co-operatives from establishing an effective presence in the non-food trade. Neil Killingback's paper devotes half a page to this problem, while his focus is the struggle about taxation. However, this reservation aside, Killingback's paper has the great merit that its focus is squarely upon Co-operatives as trading organisations, acknowledging that Co-operatives are distinctive within the whole range of working-class organisational forms in that they provided an economic service through trading.

The Relevance of Co-operation

One problem for many writers who pay attention to Co-operative history is the apparent need to devise a justification for such odd behaviour. Often this seems to involve saying that Co-operation is important for its (failed) contribution to world peace, its (failed) contribution to the women's movement, or its role (alas, again failed) in the development of working-class consciousness. One comes to expect any day a work on "Co-operative history" centred upon the Co-operative movement's contributions (failed I expect) to the spread of AIDS, the pollution of the Antarctic, computer literacy, or whatever concerns the next echelon of history graduates.

This quest for relevance is exasperating. Co-operatives made a distinct contribution to working class feeding, clothing, and saving, and created the environment which nurtured a group of working men and women who possessed a hard-won consciousness of how an increasingly complex economic system worked, the sort of demands this system made upon working people, and the sort of opportunities it offered them. These men and women certainly

processed on May Day, carried a Rainbow flag, sent food to the Dublin strikers and milk to Basque babies. In addition, week by week they studied the papers for Grocery No. 2 sub-committee or the Education Committee, or presided over the Women's Guild branch, dealt with members' complaints about the price of bacon, and interviewed applicants for provisions - first hand at No. 23 branch. Who will write the story of these people?

The Author

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