Editorial

This issue of the journal features three papers that in different ways look at structures and processes in co-operatives. Two — Maddocks and Hicks, and Galor look at different aspects of accounting and financial management in co-operatives. The third considers co-operative ownership and the experience of Tower Colliery. There is also a short paper on land-based enterprises exploring the support needs of new models of land use from interviews undertaken by Shared Assets, a specialist development agency working with land-based social enterprise and co-operatives.

Recognising Sector Difference in Accounting and Reporting is an interesting paper that focuses on the distinct co-operative perspective in relation to financial reporting and accounting. In it Hicks and Maddocks look at the UK charity standards specified by the Statement of Recommended Practice (SORP) and compares these with the less formal approaches of international co-operatives. The central question raised by the authors is why we currently lack an accounting framework specific to the co-operative sectors. In tackling this question, Hicks and Maddocks draw evidence from assessment of the impact of lobbying and the need for specialist guidance, which considers co-operative difference in relation to investor owned organisations. One such difference is in the treatment and classification of member shares, which they suggest does not take into account the characteristics outlined in the internationally agreed framework of co-operative values and principles. Their research involved examining co-operative dialogue with standard setters as part of a consultation process. They observe that while lobbying has an impact in terms of negotiation differences in interpretation (for example, member shares as equity or liability), but that the sector itself had no clear view on, for example, redeemability of member shares that could impact on member-control. They conclude that while the Charity SORP might not be an ideal comparator, there are lessons that could be learned in terms of increasing the visibility of the sector to standard setters. They also suggest that co-operative businesses require specialist guidance and that an international SORP for co-operatives — flexible enough for local adaptations — may be a timely response to promoting a mutually agreed view on co-operative accounting and co-operative difference.

In our second paper, we take a different look at ownership and control. Here, Smith provides an evocative account of Tower Colliery — the last deep mine in South Wales that survived for thirteen years under workers' control after its supposed closure date in 1994. He provides an overview of the organisation of the employee buyout, the Tower Employee Buyout Team (TEBO), and some of the issues linked to being employee-manager-owner. Examples are provided of events that would have led to closure of the mine under previous ownership, but where solutions were arrived at as part of a 'collective owned experience'. Over the thirteen years, the colliery was viewed as socially and financially successful — using surpluses to re-invest in improved benefits and more jobs, and in local community projects. Even though management/work relations were seen to be highly democratised, Tower experienced persistent tensions in organisation and in relationships. Smith looks at these experiences through the lens of the 'human firm' to explore "the co-operative 'dream' against the 'reality' of experience". This brings attention to the balance and integration of economic factors of organisations with non-economic dimensions and individuals' behaviours. It puts emphasis on organisational capital — the human relationships within organisations that help achieve both economic and social objectives. Tower's legacy is assessed in relation to these dimensions.

Our final paper returns to financial considerations in co-operatives linked to ownership and usage. It is based on the experience of agricultural co-operatives and specifically the unique of the classic moshav — an Israeli village level, multi-purpose service co-operative. This account provides personal experiences of working in and managing moshavim. As such, it provides a detailed view of the structure and different departments, and considers member share and member participation and more specifically the 'cost' associated with member participation in their co-operative. Galor provides clear examples of member participation costs and describes how there are examples of co-operatives in Israel — like the moshav — that have survived without the existence of reserve funds and relying on operating costs derived solely from members. Where surpluses have been generated, these have been returned to members; equally members pay additionally to cover any deficit. He points out, however, that the differing amounts that members pay may not always be seen as ‘fair’ and discusses options that may help to rectify this.

The mix of papers in this issue provide stimulating reading. The co-operator ‘voice’ is evident in each of these papers in different ways. We welcome case studies and co-operator experiences. Our next issue will include a feature a ‘gendered’ voice as we include a historical and contemporary focus on women and co-operation.

Jan Myers
Editor