



Worker control in worker co-operatives?

Roger Spear and Alan Thomas, pp. 6-19

How to cite this article:

Spear, R. & Thomas, A. (2015). Worker control in worker co-operatives?
Journal of Co-operative Studies, 48(1), 6-19.

Worker Control in Worker Co-operatives?

Roger Spear and Alan Thomas

This paper (presented at ICA Research Conference, Paris, May, 2015) is based on research conducted in the 1980s. It has been updated, and addresses the timeless questions: if worker co-operatives embody the principle “Labour hires Capital”, does this mean that in co-operatives workers are able to control their own jobs? Can new work relations be constructed from grassroots in a democratic fashion? It is based on five case studies, which present possibly the most challenges to a positive response to these questions. The paper develops a theory based analytical framework embracing three different levels of control, and identifying four factors limiting worker influence: expert power, imported rationalities and expectations, external financing, market relations. Given these “worst case” scenarios, the findings demonstrate achievements regarding work organisation, different forms of supervision, and terms and conditions of employment.

Introduction

During the 1980s, there was a resurgence of interest in worker co-operatives in the UK. From less than 30 such co-operatives in 1970, numbers increased to around 300 in 1980 and over 1,000 in 1985 (CDA, 1984). Mainly very small, averaging less than 10 employees, they also included a number of larger enterprises, both “rescues” of failed capitalist businesses, and “endowments” of successful ones by altruistic owners. Support for co-operative development figured in many strategies for local state intervention and local economic development (Cornforth and Lewis, 1985). In addition, at this time, three policy statements came out of the Trade Union movement as well as a policy statement from the Labour Party. The worker control faction of the left continued its interest in worker co-operatives despite the failures of the Benn co-operatives (supported by Labour minister Tony Benn).

At one level, the interest was part of a pragmatic response to recession and unemployment, aimed simply at saving or creating jobs. However, the fact is that worker co-operatives embody the principle “Labour hires Capital”. Does this mean that in co-operatives workers are able to control their own jobs? Can new work relations be constructed from grassroots in a democratic fashion?

These questions attract dogmatic answers. On the one hand, there are those who would argue, following Braverman (1998) that capitalist relations of production necessitate ‘scientific management’ and the ‘degradation’ of work. In a capitalist economy, there is no room for manoeuvre with regard to work organisation. In Tomlinson’s (1980/1) paraphrase, this view means that:

the market dictates certain forms of organisation of the enterprise, which a co-operative will have to follow if it is to survive.

Even if idealistic co-operators do attempt radical changes to work practices, they are said to be doomed to failure, either business failure or ‘degeneration’, to use the Webbs’ (1920) term.

On the other hand, co-operative enthusiasts can easily take the view that the formation of a workers’ co-operative is a struggle already won by labour. Co-operatives epitomise workers control and must bring beneficial changes. For example, Vanek (1972) argues that once the tendency to degeneration is countered with the requisite external support structure, co-operatives will equal capitalist firms’ efficiency and participation and democratic control will be unproblematic bonuses.

The UK experience examined in this paper in many ways is more challenging to the thesis of worker control, since these co-operatives are small and young, and face difficulties establishing themselves due to their origins in creating or saving employment. However this research shows

that co-operatives are neither doomed to degenerate nor the embodiment of worker control. Like conventional workplaces, they are themselves arenas for struggles. Using examples from these empirical studies and from others, this paper discusses the forces limiting workers' control in co-operatives and the circumstances in which those limitations might be overcome. There are certain difficulties in drawing directly from the labour process literature. This paper is an attempt to see what ideas are useful, and its perspective is not so much informed by the crude determinism of early theorists including Braverman, but by the more sophisticated analyses of later writers (Friedman, Kelly, Ramsay), who point to a more complex picture of historically conditioned struggle where factors external to the workplace may be highly influential on the labour process, (see eg Littler and Salaman, 1982).

Levels of Control

Co-operative workers own their means of production and consequently have, in principle, control over their work organisation. In practice the exercise of this control is not straightforward. In the first place, full worker control within a single co-operative organisation is clearly not feasible within the constraints of a market economy, any more than complete autonomy is possible for the owners or managers of a conventional small business. In the second place, the limited control that is possible must be distributed via some type of internal control process.

In the case of the capitalist firm, there has been much debate on the separation of ownership from control, following the empirical study by Berle and Means (1932). De Vroey (1975) argues that two separate phenomena have taken place, one a functional differentiation between ownership and management which was anticipated by Marx, the other

a dispersion of share ownership amongst the public, going alongside with a concentration of power into the hands of big stockholders (De Vroey, 1975).

The shift in power within large corporations from owners to managers has been taken to constitute a 'managerial revolution' and to imply a change in the whole nature of capitalism or even that capitalism has been superseded. In Nichols (1969) words:

Most managerialists have assumed that property is the cause of conflict and that it therefore follows that the interests of (non-propertied) managers are not in conflict with those of employees.

If indeed good management were an entirely technical question then a manager might be appointed by the workforce in a co-operative to run their business in exactly the same technically 'optimal' superior way. As Miller (1981) put it:

one can see the possibility of a 'convergence thesis' here, if managers in both capitalist enterprises and co-operatives are able to wrest control from the nominal owners.

Certainly there are some co-operatives, particularly some of those 'endowed' by altruistic owners, where the internal control process is essentially delegated to a manager or managers nominally accountable to the whole workforce. However, both De Vroey and Nichols are concerned to argue the Marxist view that "the separation of ownership and control does not alter the wider nature of capitalism" (De Vroey, 1975). A strict version of this could be to say that managers are simply given the delegated job of "making capital function", or in Sweezy's (1973) words: "The ultimate purpose of enterprise is determined by ... the nature of capital as self expanding value". But this view is over-deterministic. The notion of professionals, supervisors and managers 'mediating' the pressures arising from crises and contradictions of capitalism is preferred (see eg Storey, 1985).

Thus it is helpful to continue with the idea of delegation from ownership to different levels of management. With Nichols (1980), three levels of control can be distinguished viz:

- Control over investment and resource allocation.
- Control over labour power.
- Control over physical means of production.

Co-operatives like other small businesses, generally speaking have control over investment, but they tend to have limited funds to invest. They may build up enough reserves out of profits to make small choices, but this is all. Finance capital is generally in the form of loans, including from a combination of conventional sources like banks, and funders from the co-operative sector. With regard to the other two levels of control, co-operatives have different approaches, which may or may not involve members directly. Thus, they may have the equivalent of foremen or supervisors, or they may rely on group monitoring and peer influence to put workers' control into practice. They may reorganise machinery, layout, etc collectively or delegate the task, or in the extreme, they may be effectively involved in a group form of labour-only subcontracting.

At lower levels a useful distinction is that made between central and peripheral workers (see, eg Friedman, 1977). This relates also to the question of skill and expertise, and whether so called 'skilled jobs' in fact require higher degrees of skill in an intrinsic sense. It is clear that to a greater or lesser extent "skill" is "socially constructed". Certain jobs have been accorded higher status and labelled as more skilled, as a result of struggle by workers or management accommodation to certain groups of workers. Those in a more central position with respect to the production process, those on whom many others depend, those in a better position to disrupt, are more likely to find their jobs labelled 'skilled'. There is a direct correspondence between those in 'skilled' jobs, and 'central' workers, with for example the greater likelihood of such workers being male and white.

Friedman (1977) considers centre-periphery relations both within and between firms. He points out that when there is strong, organised resistance from the majority of workers in a large firm, it makes sense for top management to have a number of subcontracting or other relations with small firms, so that they can treat a larger proportion of their own workers as 'central'. These can then enjoy good, stable working conditions with a fair degree of autonomy. On the other hand the unskilled and semi-skilled manual workers in the subcontracting firms are "peripheral workers on two counts", being in peripheral jobs in peripheral firms.

The possibilities and constraints for workers control in co-operatives will depend very strongly on which levels of control are included and the degree of 'central' work. At the one extreme, a fairly large 'rescue' co-operative like KME (Eccles, 1981; Thomas and Tynan, 1985) contained almost all levels of management control and certainly included 'central' workers (tool-makers, engineers, and welders to some extent) as well as 'peripheral' workers (eg the women on the soft drinks production line). In such a case, with several hundred workers, there will be both internal problems and constraints similar to those in the previous capitalist firm. The view even of sympathetic advisors like Eccles was that good management required a slimming down involving laying off precisely the most peripheral workers. There were also examples of sectional disputes with the majority of 'unskilled' and 'semi-skilled' workers using the co-operative ideal to press for job-sharing and mobility against the 'skilled' workers. With no commercial or organisational 'slack', the only escape would have been by political support from outside and the leadership consistently sought this. In the end, after 4½ years of struggle, that outside support failed them.

In this paper we look at evidence from five much smaller co-operatives. At the other extreme from KME, a women's sewing machinists' co-operative (Co-operative A) in South Wales consists almost entirely of 'peripheral' workers. They do not even include a cutter, let alone a manager. It is relatively easier for them to try to adopt collective management, rotating jobs such as book-keeping and minimising the need for supervision. The limitations on such a co-operative will be largely commercial, due to the extremely dependent or peripheral position of such a firm. Co-operative B, another clothing co-operative, has a cutter/manager (male) as well as machinists, and seems more successful commercially, though it may be subject to more internal pressures toward managerial dominance.

A slightly different example is afforded by Co-operative C, a worker co-operative takeover of one of the sixteen small supermarkets to be closed by a large retail chain in one of its regions in 1984. In this case, the development of the retail trade was making all the jobs in small branch

stores, including the manager's job, more and more 'peripheral'. An immediate consequence of the takeover was that more 'central' tasks, previously done literally centrally at the Head Office 200 miles away, now had to be done in the co-operative. Co-operative C remains, of course, a 'peripheral' and very dependent, firm, but its operations include more coordinating tasks, distributed between the manager and the other four workers.

Co-operative D is a small group of educationalists with a collectivist philosophy but an appointed co-ordinator. As 'professionals', the members could expect some autonomy but before their co-operative 'rescue' they had been treated almost as 'peripheral' workers themselves by their previous employer.

Finally, Co-operative E is a wholefoods warehouse that has grown to employ some 35 people. This is an area of work where one would expect a majority of unskilled, 'peripheral' jobs with a few managerial, co-ordinating or supervisory positions. However, since Co-operative E has maintained a collectivist ethos of control while growing, it is harder to see immediate parallels with conventional work structures than in the other cases.

Business		Number of workers early 1986	M/F	Start-up date	Start-up type	Orientation	Control structure
A	Clothing manufacture	22	0/22	1980	New start	Flexible working	Collective with small number of informal leaders.
B	Clothing manufacture	18	1/17	1985	Rescue	Job saving/creation & security	Designated manager responsible to whole membership.
C	Retail store	5	2/3	1984	Rescue	Job saving	Designated manager responsible to whole membership.
D	Educational services	6	1/5	1978	Rescue	Alternativist/co-operative	Collective with appointed co-ordinator.
E	Wholefood warehousing	35	App 20/15	1975	New start	Alternativist/food politics/co-operative	Collective with distributed co-ordination tasks and sub-committees.

Table 1: Summarises the basic details of the five co-operatives

Limitations on Workers' Control in Co-operatives

Depending on which levels of control are included within the co-operative, different kinds of constraint will be more or less important. We have identified four types of constraint or limitation. First, even if a co-operative could be regarded as fully autonomous, its internal control processes could probably not be fully democratised, for reasons discussed below under the heading expert power. Second, co-operatives may control their own labour-power but they bring to their co-operative imported rationalities and expectations that condition the way the co-operative can run. Third, lack of control over investment and resource allocation at a wider than enterprise level may mean in practice that co-operatives are reliant to some degree on external financing. Finally, in a capitalist economy a co-operative is enmeshed like any other enterprise in market relations. Each of those types or sources of limitation are looked at in turn, before going on to the achievements of co-operatives in terms of the control of work.

(i) Expert power

Co-operatives' democratic control processes fall into two broad categories: collective decision-making or a system of delegated representatives. In the former case, which usually applies

to small co-operatives, the supervisory and coordination functions tend to be distributed and rotated amongst the worker members. Both types of system could have appointed managers, but it is more common in co-operatives of the latter type, giving rise to a dual control system (Paton, 1978) with managerial and democratic representative control systems existing side by side. The formal structure of the co-operative gives the workers final authority over the business and over management through collective decision making and dual structures. In collective decision making workers commonly make all major decisions at a weekly meeting. In dual structures a manager/coordinator or a management subgroup is appointed to make day to day decisions and all the workers meet much less frequently (monthly/annually) to set policy and elect managers, etc. In practice the exercise of power is not equally distributed in both situations and the way is clear for those with "information skills" to dominate meetings and decisions. Information skills are those required to analyse information, formulate arguments, and present a case verbally, in meetings and on a one to one basis.

Cornforth and Paton's (1980) study of an endowed co-operative contains some very relevant findings. For example, in relation to one particular issue:

The actions of the Board, whether deliberate or not, prevented the staff from formulating their ideas or preparing proposals of their own for the meeting. The notice for the meeting also implied that the course of action that should be taken was to support the Directors' proposals.

In conclusion they note:

that the obvious increase in the *potential* power of members does not necessarily mean that their *actual* power increases to the same extent. Our own conclusion is that overall the power and influence of management is not reduced, and that in certain respects it is strengthened, so long as it respects the procedures of the co-operative and the concerns of members. On the other hand the power and influence of members has also increased over some issues; certainly if one considers the situation in comparable retailers that would rarely have unionised workforce. Management gained power because many of their decisions were almost automatically legitimised by the 'democratic' process, and because the workers were more committed to the enterprise. Workers gained because management were no longer able to pursue punitive sanctions in the same way they might have done in an ordinary firm. Workers were often given more discretion over low level decisions and were also on some occasions able to exercise power over more important decisions. However it must be added that both parties were often constrained in their actions by outside economic forces. (Cornforth and Paton, 1980)

There are ways these tendencies can be countered, for example: through the role of shop stewards, careful chairing of meetings, rotation of administrative jobs, rotation of managerial tasks, and chairing roles, and through the development of information skills amongst the workforce. However these measures may lapse or be ineffective and a semi-permanent managerial elite become established. This tendency has been noted in other democratic organisations (see Michels (1915) "iron law of oligarchy").

Whatever the formal democratic structure and its practice there are still some management functions to be carried out in a co-operative to coordinate tasks for the most efficient performance of the objectives of the co-operative. This is in contrast to the management for control reasons that is practiced in conventional organisations.

What kind of managerial control strategies operate in co-operatives?

Many researchers attempt to categorise control strategies and several in the literature cluster around normative control — Theory Y, Friedman's responsible autonomy, etc. Clearly this type is more consistent with espoused co-operative ideology, indeed co-operation could be said to be the epitome of non-exploitative responsible autonomy. But there are also strong elements of scientific management (Theory X, direct control) derived from the constraints of the technology. Any shift to human centred technology away from the major trends towards deskilling/automation requires substantially high investment costs. Worker co-operatives do not

have the same kind of resources as Volvo or Shell, etc for job redesign but some achievements can be noted (see Section iv below). Worker co-operatives are predominately in low technology and service sectors. However, if the tendency towards concentration of power and control with 'experts' is to be effectively countered, the relative investment costs of work reorganisation may still be high in terms of equipment, retraining and lost production.

(ii) Imported rationalities and expectations

Another important set of limitations arises because co-operation is a new and largely untried ideal being put into practice by individuals whose views of what is feasible and desirable have been formed elsewhere. It is not realistic to assume that members of a co-operative enter the co-operative arena with technical job-related skills intact but in a state of naiveté as regards their expectations of the social relations of production:

From a study of KME by Thomas and Tynan (1985) the notion has emerged of treating what co-operatives bring to the new situation in terms of a clash between two sources of attitude. This would only apply to any co-operative workforce which is formed from a cross-section of the working population without strong self-selection and with little previous knowledge of 'co-operation'.

On the one hand there are orientations to work derived from previous work experience. These tend, particularly when the job is intrinsically alienating, to be utilitarian and defensive. On the other hand, there are expectations thrown up by the new promise of 'co-operation'. These may include a wide range of ideals such as egalitarianism, power equalisation, justice, and so on, which may well be interpreted differently by different individuals. (Thomas and Tynan, 1985: 24).

Both sides of this 'clash' bring their own problems. In the early months the co-operative 'promise' is to the fore, with various normative ideas that may not be so positive in practice as in theory. This could include:

the supposition of 'like-mindedness' among workers who should see themselves as part of a 'team' and should suppress their individual interests in favour of that of the collective. (p26).

Closely allied to this is the value placed on 'egalitarianism'. This may be:

the most frequent interpretation of 'democracy' among the less skilled workers and the least frequent among managers and other sectional interests who have accrued privilege over time. It may also compound the difficulties of organising new work processes if the 'ideology' of the co-operative emphasises egalitarianism but the work process requires differential rewards for its effectiveness.

Later on the question is whether expectations (such as those of shared access to power or radical changes to alienating work processes) can be reinforced by some measure of reward. If not workers will accommodate to what seems realistic, may become cynical and a "process of concentration of power over time is likely to result as many of those with less personal resources give up such expectations again." (p28)

This process may be compounded by the fact that practices related to scientific management (piecework, clear lines of authority, etc) may be recalled as evidence of 'good management practice' so that co-operatives may revert to extreme versions of such practices as soon as their own experimentation begins to falter. At least one of our five co-operatives (Co-operative B) talked of reintroducing piecework in this way. Until new models for 'co-operative management' develop and become better known, this problem is likely to recur.

(iii) External financing

Most UK co-operatives do not allow external shareholding, even of non-voting shares. But co-operatives often raise external finance in the form of loans; and the financiers can use their position to modify internal organisation. In some cases (eg local regional state bodies such as the Greater London Enterprise Board), this has been to ensure a "good employer" contract, but

in other cases, particularly when a co-operative is in financial difficulties, changes may be forced on it which are seen as unwelcome and retrogressive. The role of the banks is crucial and the limitations of UK financial infrastructure has meant that co-operatives have often used local government grants and subsidies, and co-operative movement sources of finance to get started.

Self-financing via 'sweat equity' is very important but this relative independence from capitalist sources of finance is bought at the cost of co-operators' own wages, when they take low wages during the early period before they become more established. Some attempts have been made to redirect certain financial institutions to socially useful investment (particularly in Sweden with the Meidner plan, but also in the UK through union pension schemes) but most of these discussions have not yet borne fruit. This problem might in the long run be mitigated by the development of more inter-co-operative links and workers' financial institutions, but such institutions could be subject to some of the same degenerative forces noted here.

In the meantime the current pattern of internal financing raises the dilemma of independence vs non marginality — if the co-operative aims to improve wages and conditions it must invest to increase profitability, and in raising finance externally it risks the financiers (eg bank managers) influencing co-operative organisation to safeguard their loans, either directly or indirectly, by for example emphasising 'strong management'.

External finance might imply some form of direct control (commonly through representation), but most worker co-operative legal rules would not allow external representation on the board. There have been some attempts to make co-operatives more suitable for venture capitalists and these attempts involve external shareholding and consequently representation on the board. Where this external representation is capitalist in orientation the effect is clear but where external representation is imbued with a similar ideology to that of the co-operative (and uses non-voting preference shares) the issue is not clear cut. If an integrated worker co-operative sector is to be established then board membership interlinkages may be functional as in capitalist enterprises. But the effectiveness of this strategy will be conditioned by the extent to which ideology is shared and linkages are established (formally and informally) with radical social movements so that they can be regarded as beneficial; over the years various 'beneficial' financial services have been established through state grants; conditions may be attached to these grants and while it may appear that state and co-operative interests temporarily coincide the longer term interests of the co-operative movement may be damaged by the need to adhere to state policy by 'playing the numbers game' and creating as many jobs as possible. This again may reinforce the tendency to marginality, and limit the potential for real gains in wages, terms and conditions.

(iv) Market relations

The possibilities of workers control may also be limited by the co-operative's dependent position as a small business in a capitalist economy. Averitt (1968), and Schutt and Whittington (1986) have given different typologies of dependency for small business. Their independent and dependent sectors parallel Friedman's centre/periphery categorisation. Though there are questions over the duality or dichotomisation of enterprise types, clearly there is segmentation of product markets (and labour markets) along the skill, pay and profitability dimension. And firms are further differentiated according to economic power (often through organisational size). This has important implications for co-operatives. As Rainnie (1985) comments they

have to survive in a world that is not of their own making, ... a world dominated by large capital, and must therefore fit into one or other of the categories ... devised for all small businesses.

Bennett (1984), in her important longitudinal study of co-operatives and small businesses documents the exercise of economic power in the clothing and footwear sectors and how in the case of co-operatives their financial structure disenfranchises them from the process of economic concentration — a forceful argument in many national economies where there are periodic phases of merger and acquisition leading to economic concentration by a few large firms.

The potential for co-operatives depends on how clearly the product market is differentiated along centre/periphery lines. The comparison of clothing and printing co-operatives shows the latter as much more likely to break out of the vicious circle of marginality (Thomas and Jefferis, 1986). This is not to say that clothing co-operatives like Co-operative A are not successful in their own terms (and proud of owning their own machines outright through their 'sweat equity'), merely that they continue to be marginal, paying low wages and very dependent in the market.

A dependency relation has implications for other factors beside profitability. Marks and Spencers employ technical experts to offer advice on production to contract firms to ensure quality. Wajcman (1983) notes the influence of the sole customer of Fakenham in re-organising production and re-introducing piecework. Most co-operatives manage to avoid this extreme form of dependency by finding more customers and developing additional products. Other co-operatives are able to secure radical/community market niches in for example radical printing, feminist books, wholefoods. Though if these niches grow or are too profitable they may be only temporary havens. The fact that most co-operatives are in the service sector also limits the possibility of dependent relations but low market entry cost, and high competition ensures low profitability. The end result limits the degree of "organisational slack" (Lockett, 1980) for workers to exert control over their own jobs, and limits the resources available for work re-organisation.

Achievements of Co-operatives in Different Aspects of Work Organisation

Despite the above limiting forces, there have been successes in exerting some control over work organisation in co-operatives. More or less radical changes to work practices have been made.

Before too much is made of the 'promise' of co-operation, it has to be remembered, that the co-operative sector is still very small, both in terms of numbers of co-operatives and in terms of their average size. One is talking of a fairly small number of very small firms.

The co-operatives introduced above (A-E) represent different types in several ways. They differ in how they started up: some were 'rescues', some 'new starts'. They differ in terms of the orientations of the founders, and the workforce: some were motivated by 'job creation/preservation'; others more directly by a search for new ways of working. They are in different industrial sectors. In terms of the limitations described above, they differ in degrees of dependence/peripherality and in the mix of skilled/unskilled or central/peripheral jobs they include. However in general they present more difficult circumstances for the organisations to secure good economic foundations to support a high degree of worker influence.

Using these five examples the following discusses briefly the achievements of co-operatives in various specific aspects of work organisation. It shall be seen whether there are in general at least small gains to be seen and also noted which types seem to possess the greatest potential for successful changes to work organisation of a more radical nature.

(i) Structure of internal control, supervision and discipline

All the co-operatives exhibit a reduction in formal supervision compared to previous arrangements (in the case of the rescues) or similar firms that members had worked for. This was true even in Co-operatives B and C where there was a designated 'manager'.

In Co-operative B, the women themselves decide the best position for the machines and will stay after work to experiment with this. When there is a bottleneck of work, they change machines and help out as best they can. This can happen in small conventional businesses but it is expected in the co-operative, and workers are criticised by other workers if they are unwilling to take on extra work. In Co-operative B, two of the founders had been supervisors but

they gave up both pay and status to start the co-operative, where there are no supervisors, just the one (male) cutter/manager.

In Co-operative B it has been found regretfully that disciplinary procedures were still needed. In Co-operative C it was still clearly the manager's responsibility in the first instance to 'talk to' a member who was doing a job wrong or not pulling their weight. But this was much less frequent than when working in a branch of a large chain. People now just saw what needed doing and 'mucked in' on top of their basic jobs. The manager explained why less supervision was required:

Now we're all in it together; then I was working for the company and they were just working for themselves.

Co-operative D, like Co-operative C, has a very small number of workers. They have moved from rotating the coordinating function to appointing a specialist administrator. However, although this person clearly has a central role, she does not have a disciplinary or supervisory function. This co-operative has experienced a number of interpersonal conflicts demonstrating the difficulties of collective supervision or horizontal control. One member, who eventually left, said she thought a co-operative meant "not having bosses — but I found out you end up having four bosses" However, on the whole collective decision-making has had positive effects. There has been sensitivity towards avoiding dominance and abuse of position by, for example, the administrator with her superior access to information. To her, one of the major benefits of working in the co-operative was "having control over the work that you do, but being supported in that".

Co-operatives A and E also have collective control, but with no single manager or central administrator. They have 22 and 35 workers respectively. Co-operative A differs in this respect from Co-operative B, and in terms of the clothing business, their lack of 'central' workers restricts the type of work they can take on to the least profitable 'making up' of skirts and blouses. They distribute administrative and coordinating tasks among members, but in practice the founders and most active members have tended to become more central (one of the founders said she was "in some ways a sort of supervisor", though she is not called that and would not like to be).

Co-operative E has maintained a commitment to collective control as they have grown in numbers. Their practices include job rotation and job sharing, together with a new system of functional subcommittees subject to the general meeting. Though they have functional specialisation, departments, and office and coordinating jobs, they have no managers as such.

(ii) Degree of choice in technology

It is in the area of technology that co-operatives are perhaps most highly constrained. The combination of dependent market relations and low levels of investment means that co-operatives typically use the most basic and cheapest technology available.

In the case of small clothing companies, dependence upon customers may extend to their supplying machines, designs and even production management and supervision. The two cases of Co-operatives A and B in fact have their own machines. They have the possibility of, for example, altering layout so that machines face each other, thereby facilitating group working, social contact and quality control by peers, rather than the conventional picture of lines of workers arranged for ease of supervision. But this is clearly a very small area of choice. As noted above, Co-operative A has reached a situation where from retained surpluses it now owns all its machines outright. This may allow it to consider major investments in the near future aimed at breaking out of its current dependency position.

It is also worth considering the other side of the tendency towards low capitalisation in co-operatives. Members of co-operatives are in a sense able to choose, via increased commitment and motivation, to continue to utilise low-technology options. For example, as long

as the mix of conventional shopworking skills is available there is no necessity for Co-operative C to adopt, say, electronic stock-control methods linking items passed through the checkout to what needs' reordering for the shelves. And Co-operatives D and E are likely to consider investing in technology to enhance members' skills rather than to replace some of their number. And, for example, it is a priority for Co-operative E to ensure there are no physical barriers to women doing any of the jobs in their warehouse/wholesaling business. Insisting on women being able to drive large delivery trucks on an equal basis with men may seem a small point, but is indicative of this particular co-operative's achievement of control over technology.

(iii) Job Content

In all five co-operatives there were at least small gains in the areas of increased autonomy, flexibility or responsibility attached to workers' jobs, by comparison with similar jobs elsewhere. There were also in some cases examples of individuals in coordinating roles or other jobs with no immediate parallel in a conventional firm. In general the changed nature of jobs with a supervisory or coordinating content needs to be looked at separately.

Before going on to cite examples from the five co-operatives, let it be noted that in the context of conventional industry, changes in jobs of this type would probably come under the heading "job enrichment", and be treated with some suspicion. For example, Ramsay (1984) concludes a review of the topic by noting: "Job enrichment is, after all, designed by management to serve the needs of capital". He goes on:

Part of the attraction of job reform, as distinct from some other forms of participation, is that it is 'soft on power', affording little or nothing in the way of concessions on business decision-making and carrying little danger of getting out of hand. (1984: 74-5).

At one level this criticism clearly cannot apply to job reform in co-operatives. However, one might turn the argument round and say that whether or not they succeed in job reform is a vital test of how far the supposed autonomy of co-operatives is meaningful.

In Co-operatives A and B basic machinists' jobs are more-or-less standard for the industry. There is a little more mobility between specialities. In Co-operative A about half the workforce is estimated to be competent on all the machines. Minor coordinating tasks are delegated to certain of the members on top of their machining jobs. These extra tasks include invoicing, dealing with customers' telephone queries, keeping records of hours worked, sickness, etc. If necessary, pattern-making can also be done by certain of the members. As in Co-operative B, there is no recognition in terms of job description or grading of these extra duties, and there are no designated supervisors, though as stated above Co-operative B has its cutter/manager.

In Co-operative C all the workers felt that in the co-operative their jobs were much less restricted than as peripheral workers in a small branch of a large chain. In practice the change appeared small but was in fact very significant. Shop work is an area of increasingly strict division of labour, and one where it seems particularly clear that this is essentially to ensure ease of supervision and discipline rather than to improve technical efficiency. This has led McMonnies (1985) to comment that in most of the stores closed at the time Co-operative C was formed,

... management held virtually all of the operational skills required. Consequently if the management did not want a co-op the store assistants had neither the skill nor the confidence to attempt it on their own (1985: 8)

However, in Co-operative C's case the manager did want a co-operative and the store assistants did have skill and confidence. They immediately, and almost 'naturally', began to perform their jobs without any division of labour. Thus, although one person, mainly for health reasons, works mainly on the checkout, another does the books, and so on; in general they all now perform all day-to-day tasks interchangeably. Not only is there greater flexibility, there are also more tasks to be done. Ordering, pricing, dealing with suppliers, etc as well as book-

keeping, are all tasks previously done centrally and now done in the co-operative. While it is most obviously the manager's job that is enhanced by their change, the others all take some part in these jobs, and any one of them can fill in for him if necessary.

Co-operative D has a combination of teaching and administrative tasks. Their one coordinator prefers not having to supervise other people. Her job has fairly standard administrative content, though in the co-operative context she feels the benefit of others supporting her in the job. Two of the teaching staff also have some administrative duties; the job of director of studies is rotated. All members are agreed that they have increased variety and control over the work they do. They also benefit from collective discussions on the content and methods of teaching and can jointly arrange access to good materials, rather than working in isolation with 'colleagues' who in fact were in competition for jobs that were becoming more 'casualised' every year.

Finally, Co-operative E has changed as it has grown from complete job sharing to a much more complex system with elements of job rotation combined with a good deal of specialisation. On top of standard warehouse jobs, there are specialist areas (buying, transport management, building maintenance, office work, marketing, management accounting, etc). Members move into functional roles in those areas by volunteering and they have to pick up the job from those already doing it. Thus several people will cover one specialism at one time (eg three sharing transport management), and it is also possible for one person to work in more than one specialism (eg part-time transport management, part-time building maintenance). All members do at least a day a week driving, either HGV or delivery vans, and take a turn on the late loading rota, to some extent there is an expected progression from the warehouse to office functions to buying, marketing, etc, allowing a long-standing member to develop a knowledge of all aspects of the business.

(iv) Wages, terms and conditions

Achievements in material terms for the members of these co-operatives are quite mixed and should be seen in relation both to the commercial constraints and to the particular needs of those members. While there is great variation in wage rates achieved, all five share a degree of commitment to reduced wage differentials or partial wage equalisation.

Co-operative A was specifically set up to provide part-time employment, with flexible hours of work and holidays, for women with young children. It has succeeded in this, running two overlapping time shifts during school holidays, and keeping a basic 25-hour week. But the wage level has remained very low — in 1985, £35 per week, ie £1.35 per hour against a local rate of £1.70 for machinists. However, wages would have to leap to more than double before the gain would offset tax and loss in benefits such as Family Income Supplement. The co-operative is consciously keeping wages down and hoping to build up reserves, so as to make that big leap, perhaps next year. In the meantime, conditions are not even secure from week to week, with defaults from customers causing occasional weeks with no pay at all.

Co-operative B, in contrast, pays very competitive rates for full-time employment. Though its members are also all women machinists, there is no concession to flexible or part-time working. The women concerned are skilled machinists who could almost certainly have got jobs elsewhere. This particular co-operative grew out of a union-organised occupation of a failing business, and was designed to offer better security than that offered by a variety of fly-by-night clothing manufacturers attracted to that particular location by regional development grants.

Two members who previously had supervisory jobs took cuts in pay to help form the co-operative. The others are on similar rates, which are reasonably high for similar work locally, and certainly above the union rate. The wage structure is in fact complex. Most people are on fixed wages with a bonus scheme but others have chosen piecework rates. The idea of a choice of types of material incentive is in itself an interesting type of flexibility in terms of employment.

Co-operative C replaced their previous employer's complex wage structure with a flat hourly rate for shopworkers, and a slightly higher rate for the manager. None of them took a lower

rate than before, but one, who had been a trainee manager, had a much smaller increase than the others when they equalised. After six months their initial debts were paid off and they gave themselves a £20 per week rise. Their basic rate in 1985 was £3.40 per hour, which was considered not bad for shop work. They also enjoy flexibility in arranging time off and holidays, which is a particular benefit to the manager, who previously had his holiday plans vetted at Head Office and had to show there was someone competent to cover for him.

Co-operatives D and E both paid low wages for a time but have managed to improve them. They also in practice required long hours with overtime unpaid, from their dedicated members. This is quite a common pattern for co-operatives, and a source of criticism. However, in both those cases the investment of 'sweat equity' has resulted in reasonable conditions in the longer term. The main benefits are not the immediately material, but low wages and long hours over too long a period become unjustifiable. In Co-operative D's case, wages are now similar to those of other professionals in similar positions. In Co-operative E, there has been a policy of equal net pay and the weekly rate for this rose from £35 in 1977 to £100 in 1982 (equivalent to about £145 gross, compared to Wages Council 1983 rates of £73 for warehousemen or £89 for HGV drivers). Of course, sales or financial management positions would pay much higher.

Prospects and Potentials

Although workers own the means of production, worker co-operatives are no more immune from capitalist influence than any other organisation or institution within capitalism. This influence is extended through commodity relations, financial structures and processes of social reproduction. However co-operatives are important sites for examining the potential for resistance and struggle within capitalism and the problems of worker control. This group of co-operatives represents one end of the spectrum, and are thus possibly face the greatest difficulties in achieving some measure of worker control, since they are small and young, and face difficulties establishing themselves due to their origins creating/saving employment.

The extent of organisational autonomy varies with the segmentation (from centre to periphery) but the increased potential for worker control which varies with organisational autonomy is matched by the increased problems of effecting it.

The complex picture of control in co-operatives is complicated by workforce peer control due to the devolution of many supervisory tasks; this is present in co-operatives to varying degrees. This is also likely to change over time with the maturing of the co-operative movement as well as changes in the capitalist system.

More recent contributions to the literature (Storey, Salaman and Littler) may be more relevant to analysis of this complexity, though the call for "class analysis at the workplace" is more than a little problematic to apply to worker co-operatives for some of the reasons already outlined.

Whether these achievements are secure enough to contain the contradictions of these practices and avoid degeneration into a managerial oligarchy and scientific management (which reinforces the oligarchic tendency) is an important question. The evidence is to the contrary but increasing size requires considerable creativity in achieving technical solutions to these problems.

Many achievements appear insignificant and marginal but make important changes in regard to member needs. Other workplace changes are more substantial and clearly show that radical change can be achieved.

The potential for consolidating these changes is problematic. It depends not only on continued viability, but on maintaining links with radical movements to counter the tendency to 'degeneration'. Having 'loosened up' the position in conventional firms where workers protect limited areas of autonomy, there is a possibility not only that gains prove temporary but that they go into reverse. Self-exploitation, though not inevitable as argued by Armstrong (1983), is also a danger.

It has been argued that co-operatives, once set up, survive just as well as capitalist firms and that the main problem for co-operative promoters is the low birth-rate (Abell 1983). In Ben-Ner's (1987) formulation, there is an 'entrepreneurial problem' — the co-operative ideal does not attract sufficient entrepreneurs. We would question placing too much emphasis on assisting more co-operatives to start, and also question equating long-term survival with success. What is needed is recognition and promotion of the relatively few examples of sustained radical changes to work practices. There needs to be emphasis on the part of the co-operative movement towards preventing degeneration and promoting democratic ways of controlling work, towards building workable models of co-operative working specific to the potentials in different sectors and areas. Following Tomlinson (1980/81) the authors would argue that "it is around the slogan of 'democratisation' that the left's position on co-operatives should be centred".

The Authors

Roger Spear is Professor of Social Entrepreneurship, Member of CIRIEC Scientific Committee, and founder member of EMES research network on social enterprise. He teaches organisational systems and research methods at the Open University. He is also guest professor in the Centre for Social Entrepreneurship at Roskilde University (Copenhagen, Denmark). Alan Thomas taught systems and development management at the Open University from 1973 to 2001 and was a founder member of the Co-operatives Research Unit and of Development Policy and Practice. He moved to a Chair in International Development in Swansea and has since retired. He is currently National Chair of City of Sanctuary, a movement to promote a culture of welcome especially towards those fleeing war and persecution.

This paper is based on research that took place in the 1980s, but theoretically and empirically, it is very relevant to current experience.

References

- Abell, P (1983) "The Viability of Industrial Producer Co-operation." *International Yearbook of Organisational Democracy*, eds C Crouch and F Heller, Wiley.
- Armstrong, M (1983) "Worker Exploit Thyself." *Socialist Review*, 57.
- Averitt, R. T. (1968) *The Dual Economy*. W W Newton, New York.
- Berle, A A Y and Means, G C (1932) "The Modern Corporation and Private Property." *Harcourt, Brace and World* (revised ed Editorial Macmillan, 2006).
- Ben-Ner, Avner (1987) "Producer Co-operatives: Why Do They Exist in Capitalist Economies?" in Walter Powell (ed), *The Nonprofit Sector: A Research Handbook*, Yale University Press, 1987, pp434-449.
- Bennett, Joan (1984) *Producer co-operatives: a case for market protection?* Vol 11 Centre for Research in Industrial Democracy and Participation, University of Glasgow.
- Braverman, Harry (1998) *Labor and monopoly capital: The degradation of work in the twentieth century*. NYU Press.
- CDA (1984) *The New Co-operatives: A Directory and Resource Guide*. (Ed C Luyster), Co-operative Development Agency, London,
- Cornforth, C, Thomas, A, Lewis, J and Spear, R (1988) *Developing Successful Co-operative Businesses*. Sage, London.
- Cornforth, C J and Paton, R C F (1980) "Power and Participation: The Case of the Jewellery Co-operative." Paper to *International Conference on Producer Co-operatives*, Denmark.
- De Vroey, M (1975) "The Separation of Ownership and Control in large co-operations." *Review of Radical Political Economics*, 7 No 5.
- Eccles, T (1981) *Under New Management*. Pan.
- Friedman, Andrew L (1977) *Industry and labour: class struggle at work and monopoly capitalism*. Macmillan.
- Littler, C R and Salaman G (1982) "Bravermania and Beyond: Recent Theories of the Labour Process." *Sociology* 16.
- Lockett, M (1980) "Workers co-operatives as an alternative organisational form: incorporation or transformation." *In International Yearbook of Organisational Studies*, eds G Salaman and D Dunkerley, Routledge and Kegan Paul.

- McMonnies, D (1985) *Fine Fare Closures: USDAW and Worker Co-operatives*. Occasional Paper, Department of Political Theory and Institutions, University of Liverpool.
- Michels, Robert (1915) *Political Parties: A Sociological Study of the Oligarchical Tendencies of Modern Democracy*. Translated into English by Eden Paul and Cedar Paul. New York: The Free Press.
- Miller, D (1981) "Market Neutrality and the Failure of Co-operatives." *British Journal of Political Science* XI.
- Nichols, T (1969) *Ownership, control & ideology*. Vol 8. Allen and Unwin.
- Nichols, T (1980). *Capital and labour: Studies in the capitalist labour process*. London: Athlone Press in association with Fontana Paperbacks.
- Paton, R C F (1978) *Some Problems of Co-operative Organisation*. Monograph No 3, Co-operatives Research Unit, Open University.
- Rainnie A (1985) "Small Firms, big problems: the political economy of small businesses." *Capital and Class* 24.
- Ramsay, H (1984) "What is Participation for?" in *Job Redesign* eds D Knights et al. Heinemann
- Schutt, J and Whittington, R (1986) "Large Firm Strategies and the Rise of Small Units." *Readings in Small Business*, Gower, Aldershot.
- Storey, J (1985) "The Means of Management Control." *Sociology* 19.
- Sweezy, R M (1973) "Galbraiths Utopia." *New York Review of Books*, XX, No 18, Nov, pp3-6.
- Thomas, A R and Tynan, E (1985) *KME: Working in a Large Co-operative*. Monograph No 6, Co-operatives Research Unit, Open University.
- Thomas, A R and Jefferis K (1986) "Conditions for financial viability in workers' co-operatives." *Annals of Public and Co-operative Economy*, Wiley.
- Tomlinson, J (1980/81) "British Politics and Co-operatives." *Capital and Class* 12.
- Vanek, J (1972) *The Economics of Workers Management*. George Allen and Unwin.
- Webb, B and Webb, S (1920) *The History of Trade Unionism*. Longman, Green & Co.
- Wajcman, Judy (1983) *Women in control: dilemmas of a workers' co-operative*. Milton Keynes: Open University Press.