A Survey of Sixteen British Consumer Co-operative Societies

Peter Davis and John Donaldson

1. Introduction

The survey has been undertaken as part of the Society for Co-operative Studies research programme entitled *'Reasserting the Co-operative Advantage'* in collaboration with the Co-operative Research Unit at the Open University and the Co-operative College, Loughborough. Our contribution to this research is this report based upon our questionnaire survey. The survey covers co-operative strategic management, membership, human resource management, and operational, marketing and cultural issues covering seven trading areas: Food, Dairy, Non-food, Chemists, Motor, Funeral, and Travel. The survey was sent in July 1999 to the chief executives of retail co-operative societies in Great Britain. Each society received separate questionnaires:

- on strategic management, for completion by Chief executives
- on each business area, for completion by operational heads
- completion by functional heads in human resources and member development.

Returns were received over a period up to and including November 1999. Each questionnaire was composed of five sections, each with up to thirty questions, many with sub-sections and space for supplementary information. The size of the survey and the amount of work undertaken in providing the information thus required several weeks for completion. The authors wish to record their appreciation and thanks to the societies and to managers and staff for their help and co-operation.

The survey covers a wide variety of themes quite deliberately. This is partly in recognition of the complexity of co-operative business profiles and organisational cultures, and partly in a candid acceptance on the part of our research team at Leicester that the whole concept of a *'Co-operative Advantage'* was not based on a preconceived set of criteria or variables. There is a large literature with a long history arguing the case for co-operative superiority as a means of doing business. Our aim underlying the questionnaire survey's approach was to find out in practice where the co-operative advantage lay in terms of co-operative activity rather than in terms

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of co-operative theory. This approach does not mean that we think co-operative theory, values and principles as stated by the ICA in its *Statement of Co-operative Identity* are irrelevant - far from it. In fact, we take up a considerable part of our survey with questions raising the issue of the role and significance of. co-operative values and principles for the operation of co-operatives.

The decline in British co-operative social and trading activity in the post-war period, linked to the failure of dividend policy to reflect changing shopping patterns and consumer values, has put the whole British co-operative project under a shadow. There are, however, strong signs of revival, most noticeably in the strong brand lmage achieved by a very deliberate values-led programme of marketing and product development by the Co-operative Bank. The near unanimous endorsement by the British Movement of the greatly enhanced statement of co-operative identity adopted by the ICA Congress in Manchester in 1995 is another sign of a revival of interest in co-operative values and their relevance to commerce and business. Clearly, the overwhelming majority of the ICA Congress delegates representing nearly 3/4 of a billion co-operators saw the values and principles and their operation as essentlal to co-operative enterprise.

We give below the sample size in terms of the number of societies participating and their significance In temis of the total population of societies in the UK, in temis of the total population of individual society's turnover, and as the breakdown of the seven trading sectors within that total population.[1]

Table 1.1: Respondent societies

Turnover	Number of Societies	Populatlon	% In the Sample[2]
Under £3 billion	1	1	100%
Under £2 billlon	1	2	50%
Under £600 million but above £200 million	2	5	40%
Under £200 million but above £100 million	4	9	44%
Under £100 million	4	14	29%
Under£10 Million	4	21	19%
Total	16	52	31%

In terms of percentage of turnover for the consumer movement as a whole, the current returns represent over 70% of the movement's retail trade based on 1998 returns excluding farming, financial services and opticians. The sixteen societies include two that merged during the work on this survey's data.

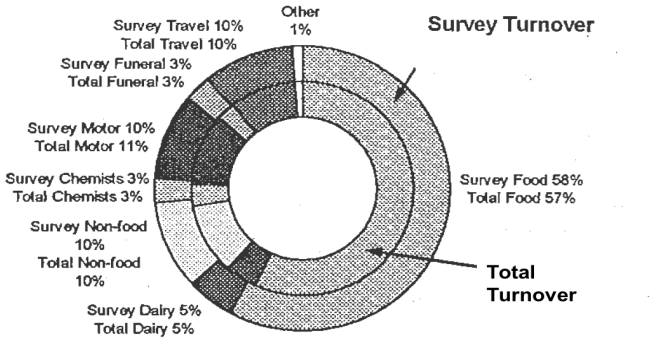
Table 1.2.: Number of societies by business

Business	Total	Sample	% of total population
Food	48	11	23%
Dairy	11	3	27%
Chemists	16	4	25%
Motor	22	7	32%
Funeral	27	10	37%
Non-food	39	7	18%
Travel	21	9	43%

Table 1.3.: Proportionate breakdown of survey by business/turnover

Business	Grand Total (£000s)	%	Survey Total (£000s)	%	Difference %sample to total	Survey as%of total	Divisions +/- 70%
Food	4,648,138	57	3,311,726	58	+1.10	71	+1
Dairy	392,467	5	303,140	5	+0.50	77	+7
Non-food	844,856	10	567,178	10	-0.41	67	-3
Chemists	272,885	3	164,399	3	-0.46	60	-10
Motor	902,561	11	545,335	10	-1.50	60	-9
Funeral	223,003	3	175,644	3	+0.35	79	+9
Travel	785,040	10	578,448	10	+0.52	74	+4
Other	93,105	1	59,481	1	-0.10	64	-6
Totals:	8,162,055	100	5,705,351	100	0.00	70	0

Figure 1.1.: Turnover comparison chart Total v. Survey



We believe these figures represent the most comprehensive and representative independent survey of the consumer co-operative movement to have been undertaken for at least a quarter of a century.

2. The strategic position of the co-operative sector

In this section[3] we outline the co-operative societies' view of the threats and opportunities before them and what they see as the key changes they will be making to overcome the threats and to capitalise on their opportunities. We also present the barriers to change that the societies identify. We have listed all the replies in order of their significance as a percentage of responses. We have then attempted to group these responses across two sets of polarities namely: Internal (organisational- or movement-led) to External (business environment-led) on one axis, and Radical Break to Continuing Trend or Development on the other. This latter axis is a grouping of those responses that can be Identified as within the range of expected responses given co-operative history, current strategy and market conditions, and those that look, at 'face-value' at least, to be something new. Such an attempt to classify the survey responses is bound to be subjective and open to interpretation. To help readers make up their own minds we have coded each set of dimensions across the two axes with the letters A, B, C, and D. Each tabulated response canies one of these letters so that the reader can see immediately how we have characterised each response.

The mission statement as a *tool of strategic management*

The organisation's mission has been described as "This enduring set of fundamental principles guiding strategic decision making…" (de Wit & Meyer, 1998, p. 812). The co-operative movement has for its set of guiding princlples a clearly laid down identity statement. The statement identifies a set of fundamental values and principles, and was adopted by the whole movement at the International Co-operative Alliance Congress in Manchester in 1995. So fundamental to co-operative identity are these values and principles that we sought to search society mission statements for evidence of their influence.

Table 2.1.: Number of societies with mission statements

YES	NO
11	5
68.75%	31.25%

In Tables 2.1. and 2.2. we give the survey finding and in the

commentary below we explore the content of the mission statements of the respondents. AU referred to being a co-operative in their mission statements, although with varying degrees of emphasis. Some societies included specific commitments to the continued provision of certain benefits and services, but the majority kept to the more general statement of overall objectives and principles governing the conduct of their business, values and governance. The mission statements were strong in their commitments to members, to quality, and to their customers. The importance of the ethical and community dimensions all came through strongly. The environment was less prominent, as were references to the future, and the wider co-operative movement. Only two societies saw IT as an important content for their mission statements. Two societies saw independence as being part of their mission, and it was the same two respondents that mentioned competitive pricing in their mission statements. Most of the references to trading practice mentioned fairness, quality and commitment to development. Most of the references to members included references to democratic accountability, training and development. Staffing was mentioned rather fewer times, but when it was, commitment to good employment conditions and training and development were generally included, and, in one case, there was a reference to recognition of trades unions.

The references to co-operative identity may be a little misleading as Table 2.2. does not refer to the identity statement, just to the fact that being a co-operative was acknowledged as part of the mission of the society. We need to worry that such a significant percentage of our sample did not have a mission statement. Large as well as small societies can be found in both groups with the 'NO' group accounting for approximately 47% of our sample's total turnover at the time of the survey. Clearly the key areas for evolving principles underpinning co-operative strategy according to the analysis of our sample's mission statements are: co-operation (100%), customer service (100%), community (81%), quality (81%), membership (73%), ethics, profitability and *staff* (56%).

Reflection

1. Mission statements need to be communicated in the operational activities of societies. Do co-operative customers, members and staff - not to mention suppliers and earners - really appreciate the 'Co-operative Mission' and 'Co-operative Difference'?
2. Should we be thinking of mission statements based on national business perspectives in addition to regional and local society-based missions? Could such statements help to evolve a relevant national strategy for consumer co-operatives?

Table 2.2.: Content of societies' mission statement
Societies' perception of significant threats

Respondent Socety	Co-op Identity	Community	Customers	Members	Quality	Ethics	Environment	Profitability
2H	■	■	■	■	■	■	■	■
3H	■	■	■	■	■		■	
4H	■	■	■	■		■	■	
6H	■	■	■	■	■	■		■
7H	■		■		■	■		■
8H	■		■	■	■			
9H	■	■	■	■	■	■		■
10H	■	■	■	■	■	■	■	■
11H	■	■	■		■			
13H	■	■	■		■			
15H	■	■	■	■				■
Totals	11 (100%)	9 (81%)	11 (100%	8 (73%)	9 (81%)	6 (55%)	4 (36%)	6 (55%)

Respondent Socety	Staff	IT	Innovation	Future Development	Wider co-op movement	Independence	Competitive prices
2H	■				■		
3H	■	■		■			
4H					■		
6H							
7H	■			■			
8H						■	■
9H	■						
10H							
11H				■		■	■
13H	■		■				
15H	■			■			
Totals	6 (55%)	1 (9%)	1 (9%	4 (36%)	2 (18%)	2 (18%)	2 (18%)

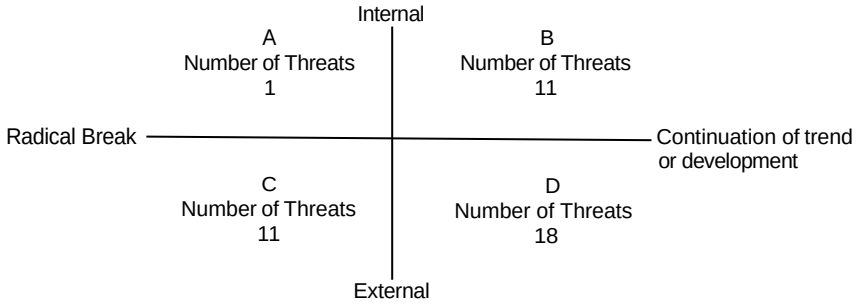
The idea of identifying threats is to enable us to turn them into opportunities by identifying innovative responses to counter the threats and by establishing appropriate resources to counter them. The message from our data is that there are significant external threats representing a radical break with past practice which are not being matched by the opportunities being identified, nor by the changes being proposed. The solutions being proposed by societies do not appear to match their needs. We do not claim that numerical representation of qualitative material is a safe basis for analysis. Yet even allowing for subjective elements distorting the picture presented it is clear that the threats outweigh the opportunities in the responses. More significantly than the numbers however is the fact that we see so many challenges emerging in the business environment and yet so few of the changes sought are in response to these challenges. Another feature of this part of the survey is that there are relatively low levels of agreement between the respondents as to the specific threats, opportunities, and actions that need to be taken by societies. Jf there is agreement about anything, it is the general need to improve performance; in IT, customer relations, in marketing, in staff development, and in general.

Table 2.3.: Societies' perception of main threats

Threats	Number	%
New sources of competition (D)	10	24
Changing shopping habits (C)	6	15
Regional and structural economic problems (D)	3	7
Past under investment (B) *	3	7
Absence of national brand (D) *	2	5
Insufficient buying power (B) *	2	5
Loss of key contracts and franchises (C)	2	5
High overheads costs due to regional structure (B) *	1	2.5
Reducing market for core business (C)	1	2.5
Loss of RPM in medicine (C)	1	2.5
Changes in NHS structure (C)	1	2.5
Inability to replace/generate sufficient share capital (B)	1	2.5
Lack of training (B)	1	2.5
Loss of key personnel (B)	1	2.5
Lack of market information (D)	1	2.5
Reduction in NHS income (D)	1	2.5
Operational failures (B)	1	2.5
Fraud (B)	1	2.5
Declining mortality rates (D)	1	2.5
Demutualisation (A)	1	2.5
Total number of references	**41**	100

*Another way to break these answers down Is to group them according to their implied references to problems deriving from scale or operations

Figure 2.1.: Societies' expectations of significant threats



External threats

The two most consistently identified threats in Table 2.1. *Societies' expectations of significant threats,* not unexpectedly, came from the societies' business environment in the shape of new and powerful competitors and the changing shopping habits of consumers. These pressures show up across the board for all the co-operative societies' range of businesses, but of course they are manifested in quite different ways depending on the different businesses. For example, backward integration by the manufacturer threatens co-operative motor sales; the entry by acquisition of powerful multinational discount hypermarkets challenges the continuation of co-operative food hypermarket operations. This latter appears to be driving co-operatives into the convenience store niche - except that here too, competitive pressures are mounting. In funerals, the American-style multinational SCI has established a dramatic slice of the market through acquisition, though co-operative funeral businesses are still well placed to defend market share and even grow further market share. Discounting and the alliances between retailers, carriers and hoteliers are threatening the economic basis for independent travel agency operations and threaten the continuing viability of some regional (and currently highly successful) co-operative travel business. We consider the separate co-operative businesses later in the report (Section 5). What we want to draw attention to at this stage, is that all co-operative business, even its most significant and successful sectors and strongest respective regional societies, face intense competition which threatens their continuing commercial viability.

Internal threats and barriers

Two other significant points emerge from Table 2.3.: *Societies' perception of main threats.* Firstly, it is clear that the problem in responding to the external threats is internal and structural.

Regional societies lack the resources to compete with multinationals. If you group the answers that suggest threats arising from structural weakness in co-operative organisation (8) you have 19.5% of the responses. Even national buying groups like CRTG lack the buying power of the main players in food retailing. The problems of past under-investment, duplicated overhead costs, lack of national strategies due to local rivalries, and lack of national brands all inhibit positive co-operative counter measures to respond to the challenging business environment in tem,s of price, product consistency, or cost reduction across all co-operative businesses.

Table 2.3. could usefully be read with Table 2.6.: *Societies' perceptions of barriers to change.* Here, lack of finance is identified as the single biggest barrier. We can only speculate at this stage as to the size of revenues that might be released for co-operative development if the regional based overheads and the national overheads their presence generates were eliminated. However more fundamental than money are the attitudes and culture displayed within an organisation. We have not aggregated the responses in Table 2.6. variously entitled Resistance to change, Over caution, Lack of vision, Lack of understanding, and Lack of staff awareness all identified as barriers to change in the Societies. If they are aggregated, however, under Attitudes Resistant to Change they become the single most significant barrier to change identified in the questionnaire. We should not overlook the items Lack of Management Time and Lack of IT Resources either, as these two combine lo suggest a need for more resources of professional expertise to respond to, and deal effectively with the extent and pace of the changes needed (see Figure 3.2.a. and 3.2.b. where our returns indicate a 20% drop in the number of managers available to societies between 1994 and 1998). If we group those threats and barriers implying a Human Resource Management (HRM) issue we can see that co-operatives must be concerned about appropriate Human Resources to face the changing environment. An under-manned management that faces internal inertia at a time of mounting and critical challenges, some of which call for radical solutions, is unlikely to be able to deliver an appropriate response.

Reflection

How should we interpret the strong mission statements indicated in Tables 2.1. and 2.2. in the context of the high levels of lack of vision, resistance to change etc in Table 2.6.?

a Is there a credibility gap? If so, what is causing it?
b Are the mission statements inappropriate?
c Are we communicating our mission sufficiently to staff and in appropriate ways?

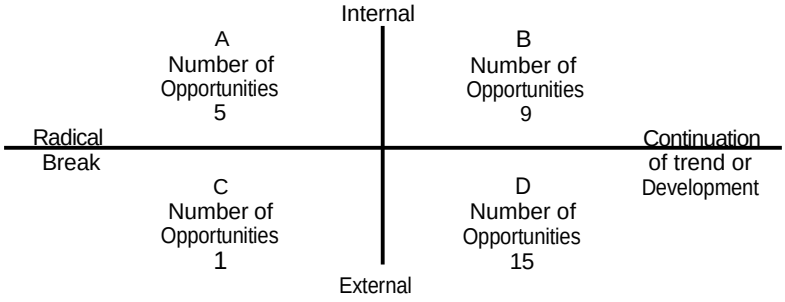
Societies' perceptions of opportunities

The findings in Table 2.4. below suggest some societies do recognise in their co-operative difference commercial opportunities, but it is not a general perception. In fact, lack of consensus is the main feature of opportunities as observed by chief executives.

Table 2.4.: Societies' perception of opportunities

	Number	%
Local ownership (B)	6	18
Trusted Image (D)	5	15
Selected grov.1h areas of business (D)	4	12
Opportunities for acquisitions (D)	3	9
Application of Information technology (B)	3	9
Loyal customer base (D)	3	9
Changing operating practises (A)	2	6
National branding and economies of scale (A}	2	6
Store location (D)	2	6
Population growth (D)	1	3
Promotion of co-operative difference (A)	1	3
No dominant retailer (children's shoes) (D)	1	3
Developing new healthcare markets (C)	1	3
Total number of responses	**34**	**100**

Figure 2.2.: Societies' perceptions of opportunities



The caution and resistance to change by board and staff create a context where 'solutions', changes and opportunities identified can often bear little relationship to the problems being confronted. This can be seen in the nature of the opportunities and changes

identified by the survey at Table 2.4. In Table 2.4. overall, in different guises, commercial or market driven opportunities figured in twelve out of the thirty-four answers found in the survey forms. Only four suggested opportunities for bringing costs down. As for the rest, we find references to *'local ownership', 'customer loyalty',* and *'trusted image'* collectively representing fourteen responses. Promoting the *'co-operative difference'* comes up once and there Is no reference to the *'ethical consumer'* at all as an opportunity for co-operatives. In fact, only a single consumer trend of any description is identified as presenting an opportunity for the co-operative societies who participated in the survey. Given the nature of the business environment today, to find “Local Ownership” as the single most frequently cited “opportunity” for co-operatives strongly suggests that the organisation that once dominated, indeed created, modern retailing appears to have given up the struggle for mainstream consumer markets.

Only six per cent mentioned as important opportunities *'national branding'* and *'improved economies of scale'.* Given the enormous step that all the respondent societies with food businesses have taken in joining CRTG, one might have expected greater emphasis on this area. The general 'thinness' of the opportunities identified overall, and the emphasis on 'traditional' co-operative ideas of *'trusted image'* and *'local ownership'* supported by the third single biggest area of opportunity identified as relating to business development of existing businesses are noteworthy. This conservative list of opportunities was, however, closely followed by acquisition and the application of information technology. These two items do suggest that either increased operational efficiency or the introduction of new products and services are contemplated by some of our sample.

Societies' perceptions of the need for change

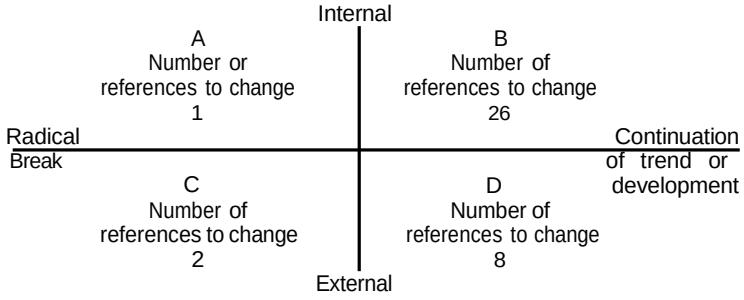
The changes identified as important are listed in Table 2.5: *Societies' Perception of the need for Change.* They are perhaps notable for the emphasis given to new technology as a means to bring costs down and improve perfonnance. None of the responses to the question "What changes need to be introduced ...” were quantified and many were not quantifiable. It is puzzling that rationalisation or cost reduction were only mentioned in three responses given the context of other answers identifying the raising of finance as such a clear threat to development in Table 2.6, Equally surprising is the single reference to new business opportunities in the changes being sought - and only five

references to commercial developments out of the thirty-seven changes cited. The changes seem, on the face of it, to be more about maintenance rather than development. This is despite the extensive recognition found in the suivey in Table 2.3 of a range of threats requiring urgent organisational, commercial and operational development.

Table 2.5.: Societies' perception of required changes

	Number	%
Improve IT Systems: internal, buyer, distribution (B)	6	16
Improve customer relations (B)	5	13
Restatement of core values (B)	3	8
Re-fit outlets (B)	3	8
Upgrade staff skills (B)	3	8
Rationalise business diversity (D)	2	5
Strengthen brand image (D)	2	5
Improve perfonnance (B)	2	5
More aggressive marketing (D)	2	5
Mergers (D)	1	3
Regionalisation (B)	1	3
Acquisition of new stores (D)	1	3
New business opportunities (C)	1	3
Reduction in overhead costs (B)	1	3
New business model for convenience stores (C)	1	3
Greater synergy (B)	1	3
Attain investors in people (B)	1	3
Move out of retailing (A)	1	3
Total number **of references**	**37**	**100**

Figure 2.3.: Societies' intentions to introduce change



Reflection

1 To what extent might the lack of response to external threats in terms of identification of external opportunities be explained by the regionally-based structure of the co-operative core business?
2 Could a restructuring of co-operative business release core management talent and energy to innovate within the national markets which at present are 'bottled up' by regional constraint.

It is hard to identify in these returns a clear impression of a consistent and strategic view •of the co-operative difference and what role it is playing or could play in societies' responses to the threats and opportunities they identify.

Reflection

How can co-operative identity help co-operatives to think globally and act locally In practical ways to meet the challenges they face?

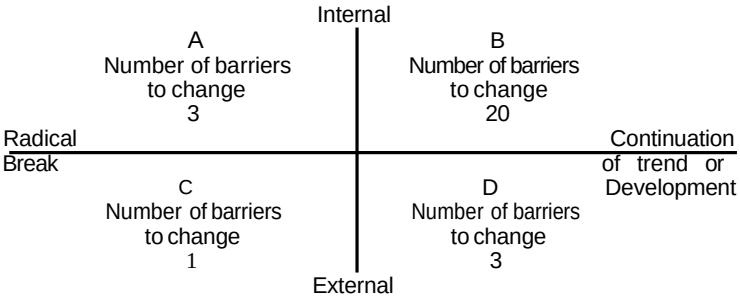
Societies' perceptions of the main barriers to change

In Table 2.6. *Societies' perceptions of barriers to change* and the changes from Table 2.5. *Societies' perceptions of required changes* we see a matching in the emphasis of the respondents (compare Figures 2.3. and 2.4.). However we suggest this matching may be more cosmetic than real, as the need for thorough-going structural and cultural change clear1y indicated from the threats and barriers is not to be found in the content of the changes being put forward in this survey as identified in Table 2.5.

Table 2.6.: Societies' perceptions of barriers to change

	Number	%
Lack of finance (B)	7	26
Resistance to change (B)	4	15
Lack of IT resources (B)	3	11
Over caution (B)	2	7
Lack of vision (A)	2	7
Lack of management lime (B)	2	7
Governments policies (D)	1	4
Lack of understanding of what a co-operative should be (A)	1	4
Lack of staff awareness (B)	1	4
Lack of economies of scale (B)	1	4
Poor location (D)	1	4
Competition Commission (C)	1	4
Competition (D)	1	4
Total number of responses	**27**	**100**

Figure 2.4.: Societies' perceptions of significant barriers to change



In terms of the barriers to change, only 3 out of 27 responses were external to the societies. There were 14 responses focused on lack of resources, either in tenns of finance, location, technology, management and economies of scale. The third biggest grouping were problems relating to negative attitudes, which received 10 out of 27 responses. Such a significant grouping of responses around attitudinal issues does suggest that we were right to focus so much of our survey exploring issues of co-operative organisational culture.

Reflection

1 Can the resource question be managed without radical restructuring and delayering of co-operative business?
2 Can the necessary change be wrought without a clear commitment by co-operative people based on a shared vision as to the goal being striven for?
3 Do the changes being proposed by Societies in Table 2.5. meet the threats and opportunities identified in Tables 2.3 and 2.4?

Co-operative business successes

Of the sixteen societies surveyed, ten identified one or more areas of their businesses' activities as having produced exceptionally good results. The remaining six societies reported no exceptional results. Wllh the exception of Non-food, all the main areas of co-operative business were mentioned at least once. Four societies (25% of our sample) reported exceptionally good results in either their food and/ or funeral business. Dairy and pharmacy were reported by two societies (12.5% of our sample) property, motor, and travel were identified by one society as reporting exceptional results (fanns, financial services and opticians were not included in this survey). Some of the societies' criteria for measuring success were to match

or be measured against the market leader of that particular business. Others looked at growth in sales, profits, and return on capital. One or two mentioned service levels as an important criterion. In one case however the exceptional result was to have *'arrested decline in market share';* we assume the cliteria being used were driven by past experience rather than an external standard and it is not clear from the responses whether this is not the case in some of the criteria based on sales, profits and retumon capital.

In Table 2.7.: *Exceptional business results* and Table 2.8.: *Criteria for measuring results* we present the data arising from the survey. Before we can·fully evaluate this material, we will need to visit the societies in question to conduct a case study analysis of their reported success. Some of this work has been taken up by our colleagues at the Open University. We need first to see whether the exceptional result is exceptional not only in tenns of the society but also against the performance of the movement as a whole. Secondly, we will need to identify those elements in the local societies' success that can be reproduced across the movement for everybody's benefit. Although perhaps not quite within the brief to identify the co-operative advantage it would also seem relevant to us to explore why it is that Non-food was the one business in which no individual society seems to be able to achieve an exceptional success (however measured). Exceptions are just that and without a single exceptional result, a society could still be turning in strong overall results. What does seem self-evident, however, is that co-operatives are expected to co-operate and if there are exceptional results this may be due to management actions on the ground that could be learned and duplicated in other societies leading to increased revenues, reduced costs, higher profits, and improved benefits to members and their communities.

Table 2.7.: Exceptional business results

Business	**Number of references**	%
Food	4	25
Funeral	4	25
Dairy	2	13
Chemists	2	13
Travel	1	7
Motor	1	7
Property	1	7
Banking	1	7
Non-food	0	0
Total number of references	**16**	**100**
Societies reporting one or more exceptional result(s)	**10**	**63**

Table 2.8.: Criteria for measuring results

		Number of References
Food	4	
Profit growth		3
Sales growth		2
Service levels		1
Arrested decline in market share		1
	Food total references	7
Dairy	**1**	
Return on capital		1
Service levels bench marked to market leader		1
Net profit bench marked to market leader		1
	Dairy total references	3
Chemists	3	
Sales		1
Gross margins		1
Return on capital		1
	Chemists total references	3
Travel	**1**	
Turnover		1
Profit		1
Market Share		1
	Travel total references	3
Motor	**1**	
Turnover		1
Profit		1
Market Share		1
	Motor total references	3
Funeral	**4**	
Return on capital		2
Return on sales		2
Net profit benchmarked to market leader		1
Service levels benchmarked to market leader		1
	Funeral total references	6
Property	1	
Return on capital		1
	Property total references	1
	Total Number of References'	**26**

Reflection

Might we not expect to see· more reference to key areas of the society mission statement as criteria for success? (See Table 2.2.)

Table 2.9.: The key variables determining organisational culture in consumer co-operatives in the UK

(15 Societies responded).

(% to nearest whole number)	Not at all important 1	2	3	Very Important 4
Co-operative Values and Identity	2	3	1	9
%out of 15	13%	20%	7%	60%
Trade and Professional Values	0	3	6	5
% out of 14	0%	21%	43%	36%
Institutional, Managerial or Governance	5	3	5	0
% out of 13	38%	23%	38%	0%
Geographical/Reglonal	3	3	1	6
% out of 13	23%	23%	8%	46%
Other (please state)				2
% out of 15				13%

Other: 1: Investors in People (8%)

2: Executive management recruited from outside the movement (8%)

If we aggregate to suggest a strong impact, we get a roughly 30-70 split in favour of co-operative values as having a strong impact on organisational culture. These figures need to be considered in comparison with those for the impact of trade and professional values on organisational culture in co-operatives that splits roughly in the proportion of 20-80 in favour of a strong impact on co-operative organisational culture. The figures suggest an equality of significance between the two sets of factors in the minds of the majority of chief executives. What is perhaps surprising is the fact that between 20-30% of chief executives don't think either of these variables have a strong impact on their organisational culture. If, however, we aggregate the two societies who identified under *'other'* a '4' for *'investors in people'* (we think this indicates broadly a professional value-base) and a '4' for *'external executive recruitment'* (we think this is definitely a managerial value-base) we find the emphasis in the responses moving slightly more towards what may be viewed as a broadly professionally-driven organisational culture.

Finally, we note a 46-54% split of respondent chief executives on the weak or strong impact of geographical region on co-operative organisational culture. What do these responses suggest? Perhaps that there is less certainty about the significance of regional identity than there might once have been within the British co-operative

movement; that the trade and professional cultures predominate (79%); with co-operative values coming in strong second in importance (at 67%) or over-predominant in terms of being seen as very important by the single biggest group *of* respondents. The majority of our respondents clearly felt institutional and governance factors were of little or no importance in shaping organisational culture. This suggests that boards are not able to influence their societies' organisational culture, and rather have to work with it during their tenn of office.

Table 2.9.a.: Evidence of impact of co-operative values on business activity of societies
(see Table 2.9.) (Number of respondents 15)

			Very important
(% to nearest whole number)	2	**3**	**4**
Impact of co-operative values on business activity	3	**1**	9
% out of 15	20%	7%	60%

In Table 2.9.b. below we provide the divisional responses to the same question, namely Mhow significant is the impact of co-operative values on the management of the divisionr Although the showing under 'very important' tends to be substantially down on the CEO's responses yet across the three scales the showing is cumulatively stronger or about the same.

Table 2.9.b.: The role of co-operative values as key variables detennining co-operative organisational culture as seen from the perspective of divisional line management

	Not at all Important				Very Important	Number of societies
Division	1	2	3	4	5	
Food		2(18%)	2(18%)	4(36%)	2(27%)	11
Dairy		1(33%)		2(66%)		3
Chemists			1(25%)	2(50%)	1(25%)	4
Motor		2(29%)	1(14%)	1(14%)	3(43%)	7
Funeral		2(20%)	3(30%)	3(30%)	2(20%)	10
Non-food	1(14%)	1(14%)	2(29%)	1(14%)	2(29%)	7
Travel	1(11%)		1(11%)	4(44%)	2(33%)	9
Total	**2**	**8**	**10**	17	**14**	

If we take, as we reasonably can, that all ratings from 3 to 5 show a

fairly positive view of the importance of co-operative values' role in determining organisational culture in the various businesses listed, we find a large majority of line management respondents saw co-operative values as important:

Food	81%
Dairy	66%
Chemists	100%
Motor	71%
Funeral	80%
Non food	72%
Travel	78%

What is interesting here is that the divisional level view of the importance of co-operative values is stronger than at the executive level where we might have expected an erosion of vision as one went down the hierarchy. The lower showing under 'very important' appears to be the only erosion of note.

These figures do not necessarily mean that co-operative values can be understood as being properly implemented at operational level across co-operative businesses, but it does show a strong receptivity and positive thinking towards the role of co-operative values. Clearly the training and development potential is very positive if the right values and models are developed. Co-operative line management should provide fertile ground for the Co-operative College's short-course values programme and the larger Masters Level Value-based programmes in Co-operative Management and Organisational Development launched by Leicester University in 1997 and currently involving around 120 managers, board members and educationalists in neariy 20 countries.

Of the ten chief executives who rated co-operative values as highly significant (either a 3 or 4 rating) in terms of organisational culture, six were able to identify the impact of these values on their business. Below we summarise the answers received. In some cases the respondent gave more than one area.

Whether we should read all the impact of co-operative values as being positive is debatable however, in the light of the comment by one respondent in Table 2.9.c. speaking of the impact on organisational governance of *'cumbersome democratic structures'.* The limited number of responses in Table 2.9.c. is a disappointing contrast to Table 2.9.a. and 2.9.b.

Table 2.9.c.: Areas of business upon which co-operative values impact

Area	Number	Impact
How we manage our business and other activities	2	Change from control to involve style in management culture Co-operative values and culture impacts on all areas
Marketing	2	Provides strong moral and marketing base
Governance	1	We need to support cumbersome democratic structures
Membership	1	Actively recruiting new membership
Benefits	1	Placing greater emphasis on dividend
Co-operation between Co-operatives	1	Co-operative Retail Trading Group (CRTG)

Reflection

In view of the evidence of Table 2.9. do we need to re-think how we make the democratic control principle in the governance of large consumer societies work in practice?

Table 2.10.: Impact of ICA *Statement of Co-operative Identity* as assisting the co-operatives to focus their co-operative organisational values and culture

(Number of respondents 16)

	Not at all significant			**Very significant**
	1	2	3	4
Number of responses	6(37%)	3(19%)	4(25%)	3(19%)

Clearly in our sample British consumer co-operatives have not yet fully adopted the ICA *Statement of Co-operative Identity* as a statement of standards for the determination of co-operative organisational culture.

Table 2.11.: The impact of co-operative values on current and future marketing strategy

(Number of respondents 15)

	None	%	Little	%	Consider-able	%
Impact on current strategy	2	13%	7	47%	6	40%
Impact on future strategy	2	13%	7	47%	6	40%

The chief executives split 60-40% between those who saw no, or only little, impact on current marketing with no movement seen as necessary for the development of future strategies. Clear1y, co-operative values, when we compare responses in Table 2.9. with those in Table 2.11., are seen as more relevant to internal organisational issues than to external marketing by the majority of respondents.

Reflection

Can we have a customer-led organisational culture that does not demonstrate values that reflect customer values as well as customer needs and aspirations? Don't we need to communicate to our customers through values?

The purpose of Table 2.12. below is to identify the relative impact of special interest groups relative to the more traditional co-operative concerns plus some of the newer community and life-style influences on co-operative retailing. Clearly, community and life-style figured strongly, but special interest groups do not appear to represent favoured niches for most co-operative chief executives.

Table: 2.12.: Significant issues for the conduct of co-operative retail operations

(Number of respondents 15)

Table 2.12. produces some surprising, perhaps even disturbing, results on the attitudes of chief executives: 80% considered the environment to be of little or no significance for their retail operations, with minorities even disclaiming health (20%) and safety (14%). Another surprise was how little impact on co-operative retailing gender has with only 26% of respondents suggesting it was significant. This is more than a matter of understanding women's shopping habits. Gender differentiation and gender ambiguity

appear to be significant in advertising, style, values and merchandising particularly amongst the young, but also at all levels selling/retailing seems saturated with gender-based messages and values. The positive responses on price, quality, choice and transparency were more predictable. Membership was seen as significant or very significant by 47% of the respondents, which suggests that the role of membership in the conduct of the co-operative retail business remains important but problematic. The strong showing for family and community (67%), however, will be seen as a very positive result for those looking for evidence of the communitarian roots in modern consumer co-operatives.

Issue	**Not significant 1**	**%**	**2**	**%**	**3**	**%**	**Very significant 4**	**%**
Quality	0		0		1	7	14	39
Choice	0		1	7	3	20	9	60
Price	0		0		6	40	9	60
sarety	1	7	1	7	6	40	7	47
Heatth	2	13	1	7	7	47	5	33
Lifestyle	1	7	3	20	6	40	5	33
Family & Community Development	3	20	2	13	6	40	2	27
Transparency	2	13	3	20	6	40	4	27
Membership	3	20	5	33	3	20	4	27
Animal Welfare	5	33	7	47	0		3	20
Environment	5	33	7	47	1	7	2	13
Disability	3	20	5	33	5	33	2	13
Gender	4	27	7	47	2	13	2	13
Anti-poverty (home)	10	67	4	27	0		1	7
Anti-poverty (3rd world)	11	73	2	13	1	7	1	7
Other	0		0		0		0	

The synergy between societies' values and their customer base

In our questionnaire we asked chief executives to rate the extent they felt their society reflected the values of their customers grouped by age and income. Six of our 16 respondents felt the question was too general to be given a meaningful answer, or just

stated they did not know. Those who felt the question was too general felt the answers could vary between trading divisions. *Of* the ten chief executives who did answer this question, one did give a breakdown by two divisions of the business (we counted this response as two responses, which is why the table adds to 11). Perhaps this mixed response reflects the fact that it is easier for smaller societies to give an impressionistic response than larger ones.

Tables 2.13.1. to 2.13.d.: How far does the society reflect the values of its customers by age and income

(11 responses, NIA= no answer)

Table **2.13.a.:** Age under 30

		Not at All			Closely
Income	**N/A**	**1**	**2**	**3**	**4**
Bottom Quartile	0	0	9	0	2
Third Quartile	3	0	6	2	0
Second Quartile	4	1	3	2	1
Top Quartile	6	2	3	0	0

About the under-thirties age group, out of the 44 responses, 24 (55%) saw low, or no, reflection of this generation's values. This was the case in both low and high income groups with only 7 (16%) responses seeing a close or reasonably close reflection in the bottom three income quartiles. However, no society saw the lowest quartile as 'not applicable' in this age group and all felt that they had at least a slight cultural affinity. However this is a limited sample (ie 10 Societies or 20% of 50 nationwide; it also excluded the two biggest societies).

Table 2.13.b.: Age 31-50

		Not at All			Closely
Income	**N/A**	**1**	**2**	**3**	**4**
Bottom Quartile	1	1	6	2	1
Third Quartile	2	0	3	5	1
Second Quartile	4	0	1	4	2
Top Quartile	6	2	3	0	0

In this segment we can detect a growth of confidence that co-operatives

get somewhere close to reflecting their customers' culture and values around the middle two income bands.

Table 2.13.c.: Age: 51-65

		Not at All			Closely
Income	**N/A**	**1**	**2**	**3**	**4**
Bottom Quartile	1	0	2	5	3
Third Quartile	1	0	0	5	5
Second Quartile	5	0	0	3	3
Top Quartile	6	1	3	1	0

In relation to the over-fifties, the co-operatives appear to feel they relate strongly to the bottom two Income groups with a rather even split between those who felt the second quartile were not applicable and those relating closely. It may be that we are seeing the regional factor coming into play here. If so this may have repercussions for a national co-operative food marketing strategy led by the CRTG. Some respondents clearly do recognise income categories as important and have identified specific groups as most relevant and others as not applicable (N/A). Others appear to see age rather than income as the area to emphasise.

Table 2.13.d.: Age: over 65

		Not at All			Closely
Income	**N/A**	**1**	**2**	**3**	**4**
Bottom Quartile	2	0	2	3	4
Third Quartile	2	0	0	4	5
Second Quartile	4	0	1	2	4
Top Quartile	4	1	3	1	2

At this age group we see further positive responses across all income groups, with even the top quartile showing some strong correlation amongst those respondents who see this group as an appropriate customer group. Bearing in mind the cautionary note we struck earlier concerning the lower level of responses to this area of the questionnaire, the evidence does throw up some interesting perspectives that could profitably be pursued.

Reflection on anti-poverty as a factor in influencing co-operative retail co-operation

Only one or two respondents out of the 10 societies said the lowest quartile of income groups were not applicable to them (none in the under-thirties category).

In the pensioner group, 7 out of the 11 responses found a close correlation to culture and values within the lowest quartile income group of pensioners.

If you add up all the positive responses in columns 3 and 4, across all age-groups,· and group them between the bottom two income groups and the top two income groups, you will find an almost 2:1 ratio (47:25) in favour of the lowest two quartiles of income groups in terms of a close cultural and value identity within the co-operative societies. This finding suggests that chief executives should reflect on whether they are correct to reject as 'not significant' or 'of little significance' the theme of anti-poverty in the home market (14 out of 15 respondents - see Table 2.2.).

Relationship management

A stakeholder in any institution, organisation or association may be defined as any person or group who can be said to have a legitimate interest in or to be affected by that institution's, organisation's or association's activities. In Table 2.14. betow we identified eight categories of persons who may legitimately be thought of as stakeholders in co-operative societies. Most of these categories we feel are self-explanatory and not controversial, either because of the nature of all business relationship management such as managers, employees, customers and suppliers/carriers that go to make up the operational and logistical links in any product or service supply chain. Other stakeholders listed are clearly specific to co-operative governance requirements based on membership-based ownership and democracy, such as active members, and board and committee members. Community as a stakeholder is perhaps less clear in its definition and relationships - particularly concerning bigger co-operatives but clearly deserves to be recognised by virtue of its historical significance and its restatement in the ICA Identity Statement. *'Past and future generations'* as a stakeholder has been adopted first in Britain by the Co-operative Bank and the Leicester research team felt, by virtue of that alone, we ought to include it in our survey questionnaire.

Reflection

Can our past support our commercial and social success in the present and future?

Is our history a positive resource or a millstone round our neck?

Table 2.14.: How important are co-operative values for the management of key stakeholder relationships?

(15 respondents)

Stakeholder	Not at all 1	%	2	%	3	%	V. impor-tant 4	%
Board & Committee Members	1	7	1	7	3	20	10	67
Active Members	3	20	1	7	3	20	8	53
Past & Future Generations	3	20	4	27	3	20	5	33
Managers	*2*	14	3	20	7	47	3	20
Employees	2	14	5	33	5	33	3	20
Community	3	20	3	20	6	40	3	20
General Customers	2	14	9	60	2	14	2	14
Suppliers/ Carriers	6	40	6	40	1	7	*2*	14
Total Responses:	22	18 %	32	27 %	30	25 %	36	30 %

Overall there was a majority of 55% to 45% who felt co-operative values were significant or very important for relationships management across the eight stakeholder groups. The very strong showing for the importance of co-operative values in the management of relations with management may be evidence of a growing sense amongst managers themselves of the need to identify a *'co-operative management philosophy and practice'* in societies' management development strategies.

However, the responses in Table 2.14. overall will not prove to

be comfortable reading for those who believe that co-operative values have a role in the way co-operatives conduct their business, motivate their staff, and differentiate themselves to their customers. That 45% of chief executives' responses only rated the importance of co-operative values at a 2 or less suggests that the experience of the Co-operative Bank is not felt to be relevant to co-operative retailing in general by many executives. Table 2.14. should, perhaps, be considered alongside Table 2.11., measuring chief executive opinion on the impact of co-operative values on current and future marketing. A pattern of quite widespread scepticism concerning the role and value of co-operative values amongst co-operative leaders begins to emerge from our survey sample which undermines to some extent the credibility of the findings.in Table 2.9.a. where 67% saw the chief executives' values as 'important' or 'very important' in determining organisational culture within their society.

Reflection

Can consumer co-operation move from institution to association?
Can we rekindle our past role as a social movement?
Do we need to mobilise consumers in social terms today?
Is consumption an appropriate context within which to mobilise people?

3. Human **Resource Management**

Of the 16 societies who completed our questionnaire, 13 were able to provide employment statistics and variously complete the section of our survey entitled the *'Human Resource Function'.*

Levels of employment

Our analysis confirms co-operative societies conforming to the general trend in the labour market towards part-time employment in a roughly 50:50 ratio to full-time employment. Although overall full- time co-operative employment as a trend is declining in the UK this has been compensated for to some extent by an increase in our overall employment trend. This figure could easily be translated into an overall decline however, if we dispense with the convention of counting 2 part-time employees as equivalent to 1 full-time. Given the tendency to fewer and fewer hours per part-time retail staff and calculation of 3 employees to 1 full-time might be more consistent with the reality and would then show a declining overall trend in

co-operative employment. Whilst in tenns of overall employment there is really nothing dramatic to record we do note a significant decrease by 20% in the overall percentage of management from 5% of the total employment in 1994 to 4% in 1998. This figure might explain the sense of shortage of managerial resources that came through in some of the chief executives' replies when asked to identify barriers to change. However, the enonnous disparity in size of employment across the various societies means that these overall figures are influenced by movement in employment levels of the biggest society.

Figures 3.2.a & **3.2.b.: Proportion of disciplines 1994** & **1998**

Figure 3.2.a. Proportion of Disciplines 1994

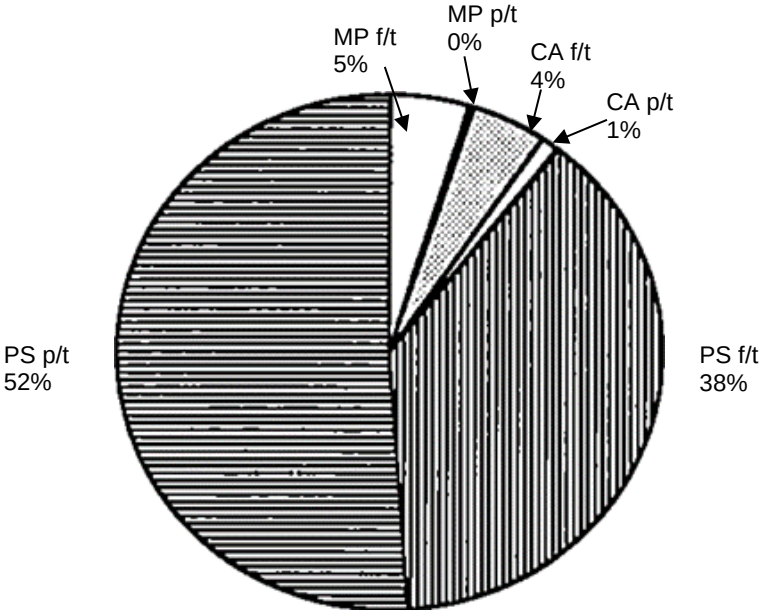
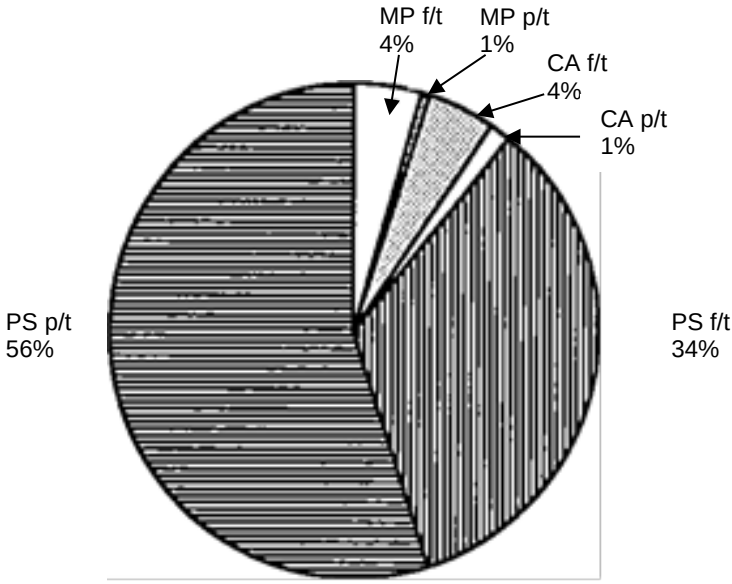


Figure 3.2.a. Proportion of Disciplines 1998



Reflection

Can societies cope with a 20% drop in their management resources and talents at such a critical time? There always will be a need to change and develop the management resource but is cutting the resource a serious option if a strategy leading to growth and renewal for consumer co-operatives is to be adopted?

Recruitment

Given the decline overall in the numbers of managers employed in Co-operative Societies it is interesting to note the contents of Table 3.2. below which suggests a substantial majority of societies (69%) who recognise there is room for improvement in their recruitment of management.

Table 3.2.: How effective is the recruitment of managers?
(13 respondents)

Good			**Bad**
1	**2**	**3**	**4**
4	4	5	0
31%	31%	38%	

Reflection

Is the time overdue to set up a recruitment consultancy specifically dedicated to finding appropriate managers for co-operatives?

Is it time to devise a nationwide collaboration to develop a graduate management recruitment and development programme for each of the co-operative businesses?

Table 3.3.: The extent to which the co--operative nature of the business is emphasised in recruitment advertisements for management and other professional staff

(13 respondents)

Not at all	Only the word *'Co-operative'* used in advertisement	We emphasise strongly our co-operative difference
1	7	**5**
8%	**54%**	**38%**

Clearly a majority of co-operative societies in our survey do not strongly appeal to their co-operative difference in their recruitment strategies.

Reflection

If we cannot afford to offer the best remuneration packages, might we still be able to attract a proportion of the best/most able talent into co-operative management if we emphasised more our co-operative values and purpose in our recruitment campaigns?

When asked if any of the induction materials included or mentioned the ICA *Statement* of *Co-operative Identity,* only one society included it in their induction materials. However, a number of societies' induction programmes contained materials in the areas listed in Table 3.11. below.

Table 3.11.: The society's mission, values, membership and stakeholders as content in society's induction programme

(11 respondents)

Nearly all the Societies with induction programmes make reference to the Society's Values and Mission, and as our analysis in section 2 demonstrates, there is quite a high proportion of value and particularly co-operative value-based materials in Societies' Mission statements. Given the succind nature of the ICA statement of Co-operative

Identity and the accessible language in which it is presented it is rather strange that only one Society made specific reference to it in their staff induction materials. Perhaps this is further evidence of the lack of agreement concerning what the co-operative difference is and how significant it is as an underpinning for the organisational culture for the conduct of Society business.

Mission, values, Membership & Stakeholders	Number of Societies	%
Society's Mission & Values	10	91%
Member Relations	7	64%
Supplier/Carrier Relations	3	27%
Employees	1	9%
Other Key Stakeholders	-	-
Not Specified	2	18%

Reflection

Should not every co-operative manager and employee know the content of the Co-operative Identity Statement, and be able to explain what it means?

First line supervisors

In terms of the role or involvement of first-line supervisors in the processes of consultation 5 out of our 13 respondent societies recorded 'never' or 'none' by the question. The remaining societies gave three alternative answers for this level of management involvement:

Regular Managers Briefing Meetings at divisional levels	6
Management Conference	1
Health and Safety	1

Organisational change

Five societies had experienced a major organisational change in the last twelve months. This fact alone would imply a major upheaval for the societies concerned (some societies listed more than one on-

going). The nature of these are given below:

Restructuring of Management Executive
Restructuring of Finance Division
Culture change exercise
Employment transfer
Employment restructuring
Closures of large units
CRTG Growth
Major Managerial Culture Change
New IT Systems
Improved Performance Exercise

All five societies discussed the implications of these organisational changes with their employees. Two also discussed the changes with their suppliers and carriers. One discussed the change with members and one also discussed the change with other stakeholders including Trades Unions and community groups.

Reflection

A key feature of HRM philosophy is empowerment and involvement linked to relevant and appropriate individual staff/management development.

Key features of co-operative identity include democracy and education.

Can we tap more effectively into line management and supervisory management experience and knowledge to support the delivery of quality and the co-operative difference?

Are we sufficiently committed to educating our staff and to involving them in decision-making?

Staff appraisal and development

All thirteen societies carry out periodic training needs surveys and with performance appraisals, length of service and the other data collected by societies' human resource management departments. Nine of the thirteen respondents have written staff and management development plans, some on a divisional basis reflecting the specific context of separate businesses. Five societies require their managers to prepare and have approved their individual development plans. Societies were requested to identify their current provision for first-line supervisor training.

Table 3.23.: Courses for supervisors
(13 respondents)

Courses	Number of Societies
In-house not specified	5
None	3
NEBSS	3
Manual	3
NVQ	2
Health and Safety	2
Risk Assessment	2
First Aid	1
Violence at Work	1
Alcohol courses	1
Roadshow	1
Fire Marshal	1
Basic Food Hygiene	1

Reflection

No society identified any specific programme for supervisors dealing with quality management, member development, community, customer or employment relationships nor with co-operative identity. Whilst the standard NEBSS courses for supervisors will deal with motivation, communication and leadership skills will they be able to reflect the co-operative value-base?

How can staff be expected to reflect co-operative values to customers if their supervisors have no knowledge of these values?

All societies that reported having staff appraisal schemes saw one of the functions of appraisal being to infonn the development of personal and society level training plans. Eight kept the findings of the •appraisal interview on the staff members' records and five utilised the infonnation to support succession planning, although only four societies from earlier questions appear to have a formal succession plan as such (see Table: 3.12.). The survey was

interested in trying to establish the extent that quality management played in staff training. We approached this by asking societies to compute the total number of training hours (length of course multiplied by the number of course members) and as a percentage of staff covered by such training over the previous twelve months.

Table 3.24.: Societies with quality management training
(13 respondents)

Yes	No
7	6

Table 3.25.: Societies able to compute number of hours spent on quality management training and % of staff trained
(7 respondents)

Societies	Hours	% of Staff
1H	520	4%
4H	n/a	10%
6H	3,360	50%
8H	100	5%
10H	100	2%
13H	8,034	7%
14H	8,000	10%

Reflection

Given the emphasis on customer care, service and quality found in the society mission statements, can societies hope to implement these principles without a greater emphasis on quality management covering much wider numbers of staff?

We also wanted to evaluate the perception of the role of Co-operative identity and values as a component of training and development.

Table 3.26.: The importance of co-operative values and identity in training and development
(13 respondents)

		Little Importance	Some Importance	Central Importance
a	Slaff Training	2 (15%)	6 (46%)	5 (38%)
b	Management Development	2 (15%)	5 (38%)	6 (46%)

Despite a relatively positive result in this table for the role of Co-operative values in management training and development, we note that no co-operative values-based programmes were specifically identified in the lists of courses identified for first line supervisors even in those questionnaire forms completed by respondents who rated co-operative values of 'Central Importance'.

Reflection

Can we hope to achieve improved implementation of our co--operative identity as a tool for improving commercial performance if we don't encourage more co-operative managers to reflect on what these values and identity might mean for their business?

Motivation and culture

We asked societies' Human Resource Managers to characterise their perception of the recognition and acceptance of their societies' business values by the following stakeholders.

Table 3.27.: Recognition and acceptance of societies' business values (13 respondents)

Categories	None	Little	Close	Shared	Unable to Comment
Members	-	4 (31%)	3 (23%)	3 (23%)	3 (23%)
Suppliers	-	7 (54%)	3 (23%)	-	3 (23%)
Carriers	1 (8%)	9 (69%)	-	-	3 (23%)
Management	-	2 (15%)	6 (46%)	3 (23%)	2 (15%)
Management: Middle and 1st Line	-	5 (38%)	4 (31%)	2 (15%)	2 (15%)

The only majority to be found in this table for a close recognition and acceptance of co-operative business values was for the category Management (69%). Not even Middle and 1st Line management could manage more than 46% of responses as close or shared values. Perhaps most damning of all was the 46% combined vote for Members having a close or shared recognition of their societies' business values. It seems clear to us that, in the view of our sample of Human Resource Managers, the societies are not

presenting and communicating their values positively enough to all but one of their major stakeholders. This reinforces the weak cultural message implied in a similar question directed at customers at Table 2.10. Bearing in mind we used the term *'business values'* not *'co-operative values'* in this question we can see that these weak responses were not simply due to negative attitudes towards co-operative values but reflected a genuine perception of distance between the societies' organisational culture and that of their major stakeholders.

4. Membership

Thirteen out of our sixteen respondents were able to complete the section on Membership.

Membership involvement

One of the key differences between co-operative and other fonns of business is that the former are owned by their members. Co-operatives are supposed to share surpluses and provide other benefits to members on the basis of the members' transactions with the co-operative business. Clearly co-operatives will need to be able to track their members' participation. We felt that there were two commercial and one governance measures that might provide evidence of member involvement in their Society: the value of their transactions; the number of visits they made to the co-operative business premises; and the average attendance at members' meetings. No one measure would be adequate on its own, but all three should give us a reasonable feel for the level of member involvement.

Table: 4.1. The number of societies that measured membership transactions in cash terms

(13 respondents)

Yes	No
5	8
38%	62%

Assuming that the three respondents who did not complete the section on membership do not keep any analysis of their membership, then the percentage of our total sample measuring member transactions falls to approximately 31%. If we exclude two large retailing respondents with no direct consumer members, the

figure improves to 36%. This, however, does raise an important question as to why two significant co-operative retail businesses have no individual consumer members? (only one completed this part of our questionnaire).

Table: 4.2.: The number of respondent societies who record their members' visits to their premises

(13 respondents)

Yes	No
4	9
31%	69%

Again, this figure is slightly unfair, as one of the respondents' membership are not based on individual consumers. Even so, leaving out this society only makes a marginal improvement to 33%.

Table: 4.3.: The average attendance at members' meetings as a percentage of the total membership

(12 respondents)

Under 1%	Between 1% and Under 2%	Between 2% and under 5%
9 (75%)	2 (17%)	1 (8%)

One respondent distinguished between categories of membership ie those with valid addresses and those who registered to participate in the special members' network. As a percentage of attendance based on these networked members attendance rose to 4% from under 1% for the total membership. The smallest society in the sample had the largest percentage of total membership in attendance at 4%**.** Perhaps the most significant result is that no matter what size or region 95% or more of co-operative members decline to be involved in their Society's governance.

Membership development

Eight respondent societies recorded continued net increases in membership between 1995 and 1998. One respondent recorded a substantial drop in membership which was accounted for by an audit of 'live' members and a sorting-out of obviously dated records. One society recorded net losses of members due to no attempt being made to recruit before 1999. The reasons attributed to explain

rising membership were variously listed as:

Promotions	3
Recruitment campaigns	3
Discount Cards	1
Carpet-baggers (1997)	3
Loyalty Schemes/Dividend	3

Clearly increased overall membership in some societies was influenced in this period by the 'Lanica effect' and thus the picture of membership growth cannot be taken simply at face value. Nevertheless, the evidence from our survey shows an increasing level of awareness of the need to develop 'real' membership as opposed to the 'asset-strippers' by the majority of respondents. Clearly, if membership is to be defended and extended it must produce clear benefits to provide incentives to become and remain participating and involved members.

Membership benefits

Respondents were asked to list up to five top benefits available exclusively to society members. Below, in Table 4.4., we reproduce the replies from 12 respondents who completed this section of the questionnaire.

Table: 4.4.: Benefits exclusive to society members (12 respondents)

Benefits	**Responses**	**Percentage rounded to nearestwhole number**
Discounts & Vouchers	7	19%
Democratic Particlpalion	6	17%
Dividend	5	14%
Members' Cuttural/Soclal activities	5	14%
Education & Training	2	6%
Community Involvement	2	6%
Literature & Information	2	6%
Funeral Benefit	*2*	6%
Free Delivery	*2*	6%
Free Credit	1	3%
Members' Magazine	1	3%
Car Voucher Scheme	1	3%
Total:	36	100%

Reflection on member benefits

1. **Governance?** One might consider democratic participation to be more of a responsibility rather than a benefit arising from membership. Perhaps 'ownership' is the benefit of a membership linked to the dividend concept of profit/surplus sharing. It certainly has to be faced that as either 'benefit' or 'responsibility' those members prepared to participate are minuscule as a percentage of the total membership.
2. **Free delivery?** Given that the customer profiles suggested in section 2 (Tables 15.a. to 15.d.), free delivery for purchases over a certain level might be a real benefit. For elderly and large poor families (particularly in rural areas) without cars, this could be a real boon. Add in the possibility of telephone or internet purchasing/ordering and the co-operative could be providing a social and environmental benefit as well as a cost and convenience benefit for individual members.
3. Information? Are Societies really making the most of the power of information as a member benefit? Could societies work with WHICH? or other agencies to provide members with better product guides, both in terms of price - quality specification and in terms of health, ethical and environmental considerations?
4. Friendly society benefits? Might not funeral benefits for members be extended to offer discounts on glasses and life assurance, baby foods, clothes and shoes for children, and special needs holidays?
5. New generations? Are we gearing community involvement and cultural activities sufficiently towards attracting the young?

Listening to members

We asked our 13 respondent societies if they attempted to measure member satisfaction with their society, of which 8 said NO and 5 said YES. One of the respondents which we counted as a YES was, in fact, in the process of developing a special questionnaire for the first time. No society was able to present us with a copy of their member satisfaction survey results, although one respondent did provide a social audit conducted in 1997. We went on to try to establish the level and form of membership consultation linked to the development of any membership strategy within the society. In our Table 4.5. we specified a range of possible approaches.

Table: 4.5.: Consulting members in the development of a marketing strategy

(13 respondents)

Methodology	Always	Often	Occasionally	Never
Focus Groups	0	2 (15%)	3 (23%)	8 (62%)
Questionnaires	0	1 (8%)	5 (38%)	7 (58%)
Interviews In Stores	0	0	2 (15%)	11 (85%)
Telephone Interviews	0	1 (8%)	0	12 (92%)
Other AGM (1) (8%) Committee Members (1) (8%)	0	2 (15%)	0	0

The results of our survey must be considered disappointing, given the nature of co-operative ownership, values and purpose. The picture presented is of societies whose member relations departments are not integrated into the business functions and who do not themselves use very extensively market research methodologies to identify membership types, needs and potential development.

Table: 4.6.: To what extent are members involved or consulted in the development of corporate strategy

(13 respondents)

Always	Often	Occasionally	Never
0	3	3	7

This table should not be read as implying no involvement by the elected representatives of the membership but as referring to wider consultation with the membership as a whole. The evidence in Tables 4.5. and 4.6. clear1y is at odds with the much stronger support for the use of co-operative values in the business found in the Strategy and Business Sector sections of this report. Putting it bluntly, members are clearly not joining in order to vote at AGMs. Societies are clearly not being imaginative enough in the development of benefits for members and are clearly not trying to ascertain members' views on their services or existing benefits provision.

Reflection

Who are our members?

Are we trying hard enough to identify special interest groups

within our existing members?

Are we clear enough about who we want to encourage to become new members?

Should we be satisfied with the level of involvement of member-relations in the conduct of the co-operative society business?

Should we measure the real strength of commitment to co-operative values in a society by the level of involvement and integration of member relations into the business function of the society?

Table 4.7.: The extent that membership development departments conduct surveys of member satisfaction with the departments' operations

(12 respondents)

Regularly	Occasionally	Never
3 (25%)	3(25%)	6(50%)

The 13th respondent declined to complete this section of the questionnaire but wrote instead in the margin that they regularly received feedback from members at the end of meetings and other activities. We decided to record this response separately rather than second-guess whether this was a regular, occasional or never response.

Table: 4.8.: Does your society have a membership strategy and, if it does, what are its objectives? (13 respondents)

	Category	Number of Respondents		Category	Number of Respondents
1	Do not have a strategy	3 (23%)	4	Collecting Informallon	1 (8%)
2	Do not have a strategy but are developing one	3 (23%)	5	Trying to Improve Communications	2(15%)
3	Do have **a** strategy but did not specify what are its objectives or how !hey are expected to develop	1 (8%)	6	Have a strategy with clear specific objectives which are listed	3 (23%)

There is clearly on the basis of these results not enough thought going into the development of membership in terms of individual co-operative societies. However, in terms of the total membership aggregated for the sample as a whole, many more members appear to be covered by a membership development department that has (or is evolving) a membership development strategy than are not, due to the predominance of the biggest society.

Barriers and fevers to developing membership

When our questionnaire turned to the issue of barriers preventing membership development, we had 9 societies respond. The data here therefore may need to be treated with caution, but it contains some interesting material. An issue raised by one of the respondents was that of the appropriateness of the context of shopping as a point of contact to involve people as 'members' rather than just customers. The number of responses implying as an important barrier to member development the negative attitudes of shoppers and members to the values of their Society is a key issue that needs to be thoroughly researched.

Reflection on co-operative market research for membership development

How do we combine social and community leadership that necessarily reflects contemporary social trends with our need for commercial success?

In Table 4.12. we categorise our respondents into four groups:

A = New radical internal barriers; B = Traditional internal barriers; C = New radical external barriers; and D = Traditional external barriers.

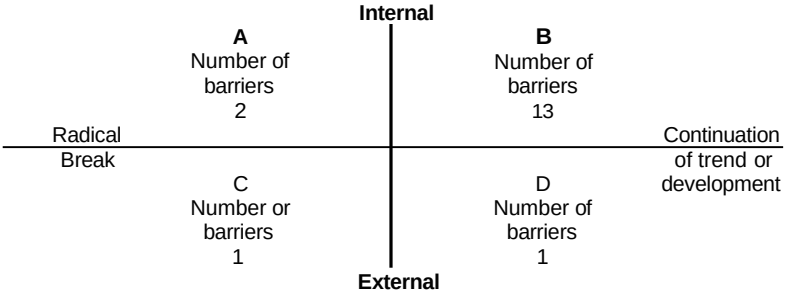
Table: 4.12.: Barriers to achieving membership development objectives (8 respondents)

Poor commercial performance	B	1
Lack of professional and/or financial resources	B	5
Negative attitudes of people in the role of 'consumers' le shop environment Is negative for Involvement as people are In too much of a hurrv	A	1
Negative attitudes of consumers In terms of a general apathy	D	1
little sign of any vlslble success arising from member Involvement	B	1
Negative attitudes of active membership based on 1radillonal' perspective eadlng lo resistance to change	B	2
Lack of data on membership	B	2
Gap between co-operative society values and needs or customer	C	1
K;ap between member development department and trading departments	B	1
Lack of staff awareness of role of member development department	B	1
Lack of IT	A	1

There appears to be some consensus amongst our respondents that the big three barriers are:

1	Lack of resources	5
2	Negative or indifrerent altitudes towards our orrer of membership involvement/development	4
3	Lack or understanding or sympathy by trading stair for role of membership development department. (2 or 3 depending on how one interprets 'lack of visible success of member Involvement'\.	2 or 3

Figure 4.1.: Barriers to membership development



The overwhelming majority of barriers appear to be located in the traditional internal processes and attitudes found within societies. The most dangerous barrier (external and internal) may, if correct, prove to be in quadrants A and C. IT needs investment and management expertise but can be attained, but if the modern shop really is in some sense negatively oriented to involvement this, coupled to a lack of co-operative drives in the modem consumer, and member development would be in serious trouble. However, the evidence so far from the market research done by the Co-operative Bank does not support the two very pessimistic views recorded by our survey of membership development managers.

Reflection

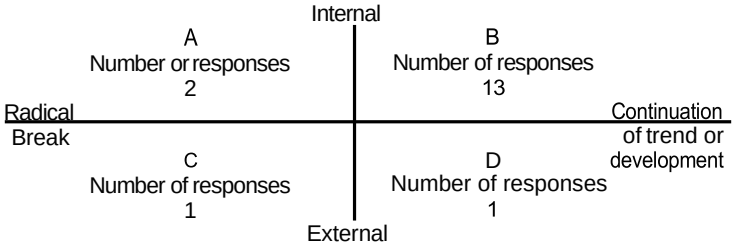
Consumer behaviour, attitudes and values needs real research from a co-operative perspective if member development is to be put on a secure footing. As this information is vital for the commercial success of co-operatives particularly if the co-operative difference is to become the co-operative advantage, we must call urgently for such an exercise to be undertaken.

Table: 4.13.: The levers to facilitate membership development (8 respondents)

Community Involvement	C	1
Modernised democratic structure	B	1
Improved training of staff and members	B	3
Support of board	B	1
Teamwork and enthusiasm	B	1
Improving member awareness	B	3
Improving understanding of members' needs/information	B	2
Living member development a higher profile in society	B	1
Closer team-working with other departments	B	1
Marketing	C	1
Benefits for members	D	2
Benefits linked to IT systems	A	1
Member groups	A	1

One of the obvious and interesting casualties from the traditional levers for facilitating membership development in tenns of member involvement is the co-operative auxiliary organisation. This is particularly noticeable in the absence of a single reference to women in any of the responses in Table 4.13. The emphasis on the women's movement at the international level in co-operative policy development forums and in our society at large makes this particularly surprising even if we were to ignore the tremendously rich heritage left to us by the Co-operative Women's Guild. It may well be that some of the responses emphasising community involvement and member groups do have a gender focus on women's needs and aspirations but if so this was certainly not made explicit. In fact not a single social trend was identified as a potential lever for member development and apart from the possibility of improved member benefits there was little concrete economic incentive presented for attracting new members.

Figure 4.2.: Levers for the achievement of membership development by **number of responses**



The impact of the ICA Statement on the Co-operative Identity

The final area that we investigated in the section of the survey dealing with member development was concerned to evaluate the member development departments' perception and actions taken concerning the recently adopted ICA *statement of Co-operative Identity.* We started by asking whether or not societies had told their members about the new statement.

Table: 4.14.: **Have you informed your members about the ICA *Statement of Co-operative Identity?***
(13 respondents)

Yes	**No**
5 (38%)	8 (62%)

One must not forget that the ICA Congress that adopted the new *Statement of Co-operative Identity* was hosted by the British Co-operative Union Ltd. and therefore this particular finding will be disappointing to many who welcomed the ICA's developed re-statement of Co-operative Values and Principles. One of the five respondent societies that have informed their membership concerning the ICA *Statement of Co-operative Identity* claimed it had not made any impact on their membership development programmes. The other four respondents plus one of the respondents who had not informed their membership thought that the Identity Statement had made an impact.

Table: 4.15.: Impact of the ICA *Statement of Co-operative Identity* on member development (5 respondents)

Form of Impact	**Number of Responses**
Forms part of our Induction package for new employees	2
Forms part of our member education programme	3
Encouraged us to develop our community-focused activities	1
Encouraged us to team up with other co-operatives In our area to morove member services	1

Reflection

The ICA Statement of Co-operative Identity represents the most extensive and radical re-statement and development of co-operative

values and principles ever to be undertaken. Only one society out of 13 respondents was able to identify any new membership activities beyond giving information/education arising from the adoption of the new Statement. Can you identify any new initiatives that might be inspired from the terms of the ICA Identity Statement?

Reflection

Membership development largely remains a dead-end career disconnected to the co-operative business as a whole.

Instead could it be a possible launching ground for marketing, corporate affairs, public relations or HRM departments?

Or should membership development be upgraded to a board-level appointment with dotted-tine responsibilities for input to all other functions?

5. The Co-operative difference at the operational level

Survey Results by Questions: By Division

Summary of respondents

(16 societies operating across 7 businesses)[7]

B	Food	1,2,3,4,6,7,9,10,11,12,15	(11 in all)
C	Dairy	3,9,15	(3 in all)
D	Chemist	1,9,13,15	(4 in all)
E	Motor	2,3,4,7,8,9,12	(7 in all)
F	Funeral	1,2,3,4,6,7,8,9,12,15	(10 in all)
G	Non-food	3,4,6,7,8,9,15	(7 in all)
H	Travel	1,2,3,4,6,7,8,9,15	(9 in all)

Strategic challenges, strengths and weaknesses, opportunities and barriers to change and innovation

In this section we consider the management views seen from the levels in the vartous co-operative businesses, of their competitors strengths and the co-operatives' strengths and weaknesses. The first point to make is that these strengths and weaknesses reported in the various businesses do show the same items as occurring either as strengths or weaknesses which reflects the fragmentary

nature of co-operative business structure and culture, and the lack of consistency on standards. If we look at Funerals, a strong co-operative business, Co-op Brand is mentioned as a strength by eight societies, but for five it is listed as a weakness - some societies saw it as both, due to how they perceived rival co-operative funeral services or that of neighbouring co-operatives. Only the Dairy and Chemists business failed to identify co-operative reputation or brand image as a significant strength. All co-operative businesses saw staff as a strength and five out of seven saw quality as a strength. Generally numerically co-operative weaknesses identified tended to outnumber (not necessarily outweigh) co-operative strengths, except for Funeral and Travel. It may also be revealing to recognise the themes running through the competitors' strengths cited across the various businesses. Size comes up in various forms: range of services, number of outlets, economies of scale, national marketing and vertical integration, national-based specialists. The consequences of lack of size are often featured amongst the societies' weaknesses; lack of economies of scale, lack of capital, lack of national marketing, lack of range, high costs, poor integration, lack of management, IT and other resources.

Reflection

How far can co-operatives go to develop national businesses, building on their strengths to meet the challenge of size in the marketplace?

Can the national business strategy emerging through CRTG for Food, be developed in other businesses?

Can technology and marketing leave enough regional and local flexibility for special interests, regional variations and tastes?

The opportunities are wide-ranging within as well as across the various business groups, but again the possibilities for national marketing (Food, Motor, Chemists, Non-food and travel) comes through as a recurrent theme. The need for increased leverage is underlined also by another area of opportunity highlighted by our respondents in the infonnation technology area for Travel, Non- food, Chemists and Food. In the issue of *Barriers to change,* the problems of inadequate size become highlighted across most businesses. Size-related barriers occur in approximately 38% of the total responses. Another crucial area relates to organisational culture: attitudes of employees, employee resistance, management vision, resistant attitudes amongst staff. *'Not enough skilled staff'* is mentioned in five out of seven trade groups. The reports of innovation indicate that there is a lot of activity continuing to

manifest itself within the consumer co-operative movement. Staff training and development Initiatives are mentioned in five business sectors: travel, food, funeral, chemists and food. New technology, acquisitions, improved marketing and buying, new products and services, management restructuring are all part of the changes being absorbed by societies at present.

What appears absent is any sense of uniform movement of a strategic nature across each specific business, each item is virtually a one-off for a particular society. There does not seem to be any sense of a response to a changed market or competitive environment. In only five cases does the innovation refer to members; in all these cases we are looking at extending or re-introducing/developing the old dividend or loyalty card scheme. No doubt the card is plastic, but one wonders whether an idea first introduced in 1844 can really be described as an 'innovation'.

Reflection

Is the wide range of responses an indication of creativity and flexibility or is it more a case of inability to co-ordinate societies' responses to the overall pace and direction of change forced by the market leaders in the respective industries?

Motivation and culture as seen at the operational level

We wanted to identify what line managers saw as the critical driver determining their divisions' business values in general and how acceptable those values were seen to be for some of the key stakeholders in the divisions' businesses. We also wanted to see, in case it was not already clear from our questioning so far, how they rated the impact of co-operative values in the management of their divisions' affairs.

Table 5.4.3.: Staff rated as sharing co-operative business values

Respondents		N/A		None		Little		Close		Shared	
11	Food					2	18%	5	45%	4	36%
3	Dairy							3	100%		
4	Chemist	1	25%					2	50%	1	25%
7	Motor							4	57%	3	43%
10	Funeral	2	20%					2	20%	6	60%
7	Non-Food							4	57%	3	43%
9	Travel	1	11%					2	22%	6	67%
51	TOTAL	4	8%			2	4%	22	43%	23	45%

Table 5.4.4.: How important are co-operative values in the management of the division's affairs?

Division		Not at all 1		2		3		4		V important 5		No answer	
11	Food			2	18%	2	18%	4	36%	3	27%		
3	Dairy			1	33%			2	67%				
4	Chemist					1	25%	2	50%	1	25%		
7	Motor			2	29%	1	14%	1	14%	3	43%		
10	Funeral			2	20%	3	30%	3	30%	1	10%	1	10%
7	Non-Food	1	14%	1	14%	2	29%	1	14%	2	29%		
9	Travel	1	11%			1	11%	4	44%	3	33%		
51	TOTAL	2	4%	8	16%	10	20%	17	33%	13	25%	1	2%

There is a wide range of answers both between the various business units and within the particular categories of stakeholders on the question of co-operative business values. We used the term business values because we wanted our respondents to recognise we were referring to the values that drive the co-operative business as it is, not what co-operative social theory might suggest. This is the real world yet we find the highest grouping of responses claiming members only share a little their co-operative business values, 35% overall, whilst only 22% saw the members sharing their societies' business values. If you (reasonably) group those who saw members as being 'close' to their societies' business values with those who felt they shared them, then 50% of societies or more felt co-operative business values did relate to their members. Only in Dairy was this not the case. There was even more certainty concerning suppliers (74%) and management was up to 89% with staff only just behind at 88%. Interestingly for a sector heavily involved in distribution, carriers were alone as being perceived as having very little in common with co-operative business values. However, there was some sharp division concerning the role/ relevance of co-operative values within the trading divisions. For example, Food had an even split on whether members share co-operative business values with their society of 46%-46% Little to Shared. Similar divisions are to be found for all the trade groups as far as membership is concerned.

There are strong opportunities for societies to work closely with their suppliers on the basis of shared values which should greatly facilitate the achievement of customer quality standards particularly given the emphasis given to quality, service and ethics in the societies' values profile. There remain a substantial minority of societies and their management for whom the role of co-operative values is hardly of any importance (20% overall) rising as high a

33% in Dairy and no lower than 18% in Food. When you remember that there is far from a clear consensus of agreement with the ICA Statement of Co-operative Identity amongst management that do accept a positive role for co-operative values there is perhaps a rather less robust vote of confidence than our figures might suggest is in Table 5.4.7.

Table 5.4.7.: To what extent do customers experience the co-Operative difference in your merchandising?

Division		Not at all 1		2		3		4		Very clearly 5		No answer	
11	Food	3	27%	1	9%			2	18%	3	27%	2	18%
3	Dairy	1	33%					1	33%			1	33%
4	Chemist	1	25%	1	25%	1	25%	1	25%				
7	Motor	5	71%	2	29%								
10	Funeral	6	60%	1	10%	1	10%			1	10%	1	10%
7	Non-Food	4	57%	1	14%			2	28%				
9	Travel	3	33%	1	11%	1	11%	2	22%	2	22%		
51	TOTAL	23	45%	7	14%	3	6%	8	16%	6	12%	4	8%

Table 5.4.8.: List of methods of translating the co-operative difference into customer experience

% CALCULATED OF 75 TOTAL RESPONSES	Food		Dairy		Chem		Motor		Funrl		Non-f		Travl		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
No Answer	8	11	2	3	4	6	5	7	8	11	4	6	5	7	36	48
Greater emphasis on Co-op Label Products	3	4	1	1	3	4	2	3	1	1	2	3	1	1	13	18
Co-op Services information	1	1							1	1	2	3			4	5
Documentation					1	1	2	3							3	4
Local Community Issues given prominence	2	3							1	1					3	4
Customer Feed-back Suggestion Schemes	1	1									1	1			2	3
Emphasise Service as well as Price	1	1													1	1
Price Check											2	3			2	3
Emphasise Member Benefits	1	1			1	1	1	1			1	1			4	5
Travel care/Right to Know													2	3	2	3
Information concerning Membership of Society					1	1					1	1	2	3	4	5
Own Fleet for free delivery											1	1			1	1
Totals: 75 = 100%	# 17	% 24	# 3	1%3 4	# 10	% 8	# 10	% 14	# 11	% 15	# 14	% 20	# 10	% 14	# 75	%

The largest proportion of respondents do not see any impact of co-operative values in the merchandising with as high as 71% in Motor, 60% of Chemists, and 57% of Non-food failing to see any connection. Chemists manage the best result with 50% claiming to be able to identify a reasonable co-operative experience in their merchandising and 46%_for Travel and Food coming second. In Table 5.4.8. 45% of all responses could not make any answer as to exactly what it was that communicated the in-store co-operative experience. Mostly the answers converge on own-label products, co-operative services information and membership information. Community was only mentioned in 4% of the cases and membership slightly better at 6%. Even own-label products only got 18% of the total responses.

Reflection

If members do not experience membership in society stores it is unlikely they will do so anywhere else.

As retailers, the customer experiences what societies stand for primarily in his/her experience of shopping in their premises. How can societies translate their co-operative values into a co-operative experience in their stores/showrooms etc? Is it:

the ambience;
the facilities;
the products/services;
the membership services; or
the links with communities both here and abroad?

Can you state in a couple of sentences what it is particularly that is co-operative in the areas above?

How do we express co-operative culture in society stores?

In measuring the co-operative strengths at Tables 5.3.2. we noted that people were seen as a key co-operative strength. Could people be the key to communicating the co-operative ambience and experience when people go shopping at their co-operative society?

6. Conclusions concerning reasserting the co-operative advantage

Strategy

1. There is a gap between what societies identify as relevant opportunities for organisational and commercial development that meets the main challenges societies are facing in their

competitive environments, and the challenges facing their core businesses in their national markets.

2. The need for societies to collaborate and integrate is critical for reasserting the co-operative advantage; where they have achieved this in CRTG the results are positive.
3. There is little sign of agreement between societies in any given trade sector concerning innovation, marketing, or areas of growth and decline (except Dairy). This suggests poor market research and lack of consultation and co-ordination across sectors.
4. Overhead and other costs reductions must be achieved to fund organisational development, promotional efforts and growth and development of the co-operative businesses.
5. There is a gap between the criteria for success set in society mission statements and the criteria set for the exceptional results recorded by our survey.
6. There is disagreement and some scepticism within our sample as to the significance and role of co-operative values in the conduct of the societies' businesses.

Market

1. Our data raises a question mark concerning individual societies' ability to develop sufficient buying power to match the specialist national retailers who lead their respective markets across the seven business areas we surveyed.
2. There is very little customer marketing information available to the co-operatives concerning who their customers are, or who they would like to be their customers.
3. The movement needs to develop its procurement, buying, marketing and branding at national level to defend and extend its leading businesses.
4. The CRTG represents a giant leap forward for the movement but is yet to make its impact felt on the public at large - surprising that it was not identified by a single society (including CWS Ltd.) as an opportunity. In the judgement of the Leicester University Team it represents the single biggest opportunity open to the movement and represents a major structural change in the way the movement buys, sells and merchandises food.
5. The CRTG initiative may be being held back by the uncertainty and opposition to the use of the co-operative difference in marketing terms. There needs to be grounded research to establish what that difference may mean for potential and current customers based on the separate

businesses. In particular, the question needs to be asked 'What does the co-operative difference mean in the light of the separate businesses, their products/services, their suppliers, their customers, their technologies and competitors?'.

Organisational structure and culture

1. There are wide variations in size and mix of businesses within the consumer co-operative sector.
2. The Survey results appear to show strong organisational values amongst British co-operative management, but there are mixed views on the relevance of specifically co-operative ones.
3. The movement has strengths in its national businesses with some real centres of excellence, which are threatened by inappropriate regional structures that are unable to mobilise sufficient leverage to face the competition across a number of levers including management, finance, purchasing power and reduced costs on overheads, logistics and promotions.
4. The importance of culture change for the co-operative movement is critical given the nature of the attitudinal barriers to change identified in the survey.

Human Resource Management

1. The drop in the proportion of management represents a potential serious resource challenge to societies attempting to implement change.
2. There is little evidence of societies operating a culture-driven HRM function or one that links individual development to organisational development.
3. Staff development is not informed by a strategic understanding of the co-operative difference.
4. Team-working and team-building are not greatly emphasised.
5. Some respondents felt strongly that there must be attitudinal changes in both activists and staff if real innovation and growth is to be achieved.

Membership

1. Member development must be market driven If it is to make a contribution to improved commercial success and improved governance, accountability and Involvement of members in their society.
2. Improving members' identification with their society is a priority.

3. There needs to be much more analysis of customers if societies are to know how to increase membership and improve seivices and benefits to members.
4. Market research is under-utilised as a means of engaging members in decision-making and in determining the priorities of the membership development departments.

Community

There is insufficient data for a conclusion beyond the fact that it figures strongly in societies' CEOs' ideas or mission. We do not have a concluding reflection.

Reflection

Appealing to community and membership does not have to imply a local regional ownership basis for the co-operative enterprise of the 21st century.

Communities may mean:
localities;
regional cultures;
special interest groups; and/or
work-placed groups

Co-operatives must respond flexibly to match membership need to each of these categories as appropriate.

Recommendations

1. A series of national consumer surveys should be conducted based on the eight main retail businesses Food, Dairy, Chemist, Opticians, Motor, Funeral, Non-food and Travel.
2. A series of regional surveys should be conducted targeting co-operative membership, measuring their attitudes and needs as consumers based on the eight co-operative retail businesses and the regional co-operative membership seivices and benefits available to them.
3. There needs to be a parallel study of consumer behaviour within the retail environment that seeks to assess general tolerance levels amongst shoppers to be diverted from shopping towards other services and activities.
4. A major debate should be conducted about rationalisation that leads to action in the form of restructuring,

delayering and focusing the co-operative businesses. This debate must explore the possibilities of developing national strategies for each co-operative business.

5. The offer to members and the methods of involving members need to be fundamentally re-examined in terms of each co-operative business.

Notes

1. Table and Figure numbers are taken from the original report which has been reduced to meet space requirements for the joint report.
2. Percentages are rounded to the nearest whole number
3. All of section 2 is derived from returns by the chief executives of the sixteen societies who participated in the survey.
4. Co-operative Identity refers to the recognition of the special status and values of consumer co-operatives in a traditional manner rather than to the ICA *Statement of Co-operative Identity.*
5. Service levels benchmarked to market leader presumably do not contain a specific co-operative content.
6. Individual societies gave multiple criteria.
7. Total responses=51 (number of trade sector questionnaires returned). All main sections were fully or mainly completed. Some sub-sections were completed by only some respondents, usually a majority. Sub- sections with a relatively low response rate are indicated below, and are discussed where appropriate in this Summary.

Response rate per question. Response rate is shown a % of the number of returns. Thus, if, for a trade category (Dairy etc) 9 returns were received, and 7 responded to a sub-section, of which 3 responded YES, the proportion of YES answers·is shown as 3/9 or 33%. As not all societies have all sections, the total population for each trading area is not calculated in this summary. Table 1.3. clearly indicates that our samples are more than adequate in·representing turnover and profile in the population art large.