Co-operative Workers

by Professor R. Briscoe

It is ironic that consumer Co-ops, the champions of economic democracy, are often hesitant about giving a bigger say to their own workers. This hesitancy is all the more bewildering when so many conventional big businesses around the world are eagerly trying to push more of the decision-making down to their employees[1].

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

Variations of Employee Participation

The variations on the involvement theme are mind-boggling. Some of the better-known approaches are job enrichment, socio-technical systems, Scanlon plans, quality circles, quality of working life programmes (QWL), and employee stock ownership plans (ESOPs). The list grows longer every day. Norman Macrae[2] floated the idea of "intrapreneurial groups". He advocated setting up self-managing businesses within the walls of the staid bureaucracies to bring in a breath of competitive fresh air. Rosabeth Moss Kanter[3] proposed the establishment of a parallel democratic organisation side by side with the autocratic pyramid. Workers would then spend up to twenty per cent of their time in these parallel structures, gathering information, and generating new ideas and commitment to change. According to Kanter some of the sharpest American firms owe their competitive edge to the communes inside their gates.

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

Co-operative Scepticism?

It is surprising that Co-ops have remained largely unmoved by all of this fervour. The Co-operative is supposed to be about democracy and involvement in the decisions which affect our lives, yet the concept of industrial democracy is viewed with some suspicion in Co-op circles. Perhaps it is reasonable to be sceptical. Techniques like QWL and quality circles can be seen as little more than sophisticated ways of exploiting workers more efficiently, without granting them the real control and enfranchisement that comes from ownership rights and a democratic structure. But all too often, Co-operators seem to oppose worker involvement for the wrong reasons. They fail to understand the potential advantages of worker participation and can visualise only dangers and pitfalls. Moves lo allow worker members on the boards of consumer Co-ops are frequently resisted by picturing the problems which might arise from permitting workers to boss the boss.

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

Multi-stakeholder Co-ops

Ways around this impasse are merging from recent experiments in Canada's insurance Co-op, the Co-operators' Group[4].

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

An early experiment was to change the ownership structure of one of the group's subsidiaries, Co-operators Data Services Ltd., which provides computer services to financial institutions. The new structure divides control between The Co-operators' Group (formerly the sole owners), the users of the service and the workers at Co-operators Data. Not only do users and staff share in the control of the organisation, but they also share in its financing. Users invest 15 per cent of their annual billings, and staff subscribe I 5 per cent of their annual salary, payable over five years.

The whole idea was inspired by the successful hybrid Co-ops which belong to the famous Mondragon group in northern Spain. The Mondragon network is mostly made up of worker Co-ops, owned and controlled by the people who work in them, but the Co-ops which really captured the interest of the Canadians were a number of hybrid organisations which were also part of the Mondragon system. An outstanding example was EROSKI, a booming retail chain, owned jointly by shoppers and workers.

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

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

ESOPs for Co-ops

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

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

The Co-op Bank's efforts to develop a Co-op ESOP should be encouraged[5]. It provides an approach to involving workers and giving them a piece of the action, without disrupting the basic structure and principles of a consumer- owned Co-op.

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

References

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