

Information Management

by Dr. Brian Carlisle

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

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

Two Main Sets of Objectives

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

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

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

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

Conflict In Pursuit of Objectives

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rescue Co-operatives formed from the remnants of a failed private company and often producing redundant products with outdated facilities, social objectives are likely to be ignored, and the firm may be a Co-operative in name only.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

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

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

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

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

The Need for Appropriate Information Management

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

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

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

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

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

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

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

Particular Problems in Workers' Co-operatives

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

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

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

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

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

Relating Systems to Co-operative Organisation

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

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

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

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

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

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

- And the Variations in Organisation

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

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

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

Conclusion

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

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

References

Cockerton, P. and Wyatt A. *The Workers' Co-operative Handbook*, Aberdeen People's press, 1985

Franklin, W.H. Jnr and Franklin, S.G. Sr. *Business*, pp. 15-20, Jan-March 1982.

Paton, R. *Some Problems of Co-operative Organisation*, Co-operative Research monograph, No 3, The Open University, 1978.

The Author

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