

# The Efficiency of Co-operation

## by Professor R. Briscoe

T.E. Stephenson's response (Journal 64) to my recent articles is a welcome contribution to the debate about Co-operative values and their implications for management and strategy. This debate should have important consequences for the future shape of the Co-op movement.

Are Co-ops to be little more than pale imitations of Tesco, with a committee or two tacked on, or can they offer real alternatives? Will Co-operators try to increase the opportunities for consumers and workers to become more actively and consciously involved in shaping their world? Or will they actively discourage member involvement because it is unrepresentative of the views of shoppers in general?

### A False Dichotomy –

The *Traders and Idealists* dichotomy (Journal 63) is one way of avoiding such issues. Stephenson recognises, quite rightly, that it is a false dichotomy. It is an over-simplified, two-valued way of thinking about a complex reality. Moreover, it permits both managers and activists to explain away their own conservatism and lack of creativity.

Unfortunately, this way of thinking is all too prevalent in the British Co-op movement, and is largely responsible for the mediocrity of much of its business activity and the ritualism of its democratic processes. The basic premise of the dichotomy is that Co-op values are admirable but totally impractical in the world of business. The only way to cope with this dilemma, it is argued, is to leave the business to the traders and to allow the idealists to putter about harmlessly in their own separate compartment, passing pointless resolutions in irrelevant committees.

### – *And its Dangers*

The danger of this way of thinking is that it removes from us the opportunity to make creative choices. It constrains us to mimic our competitors, and to take a determinist view of technology and structure. Prominent Co-operators have warned us of such dangers for years. The great Swedish Co-operator, M. Bonow, tried to clarify the terms *trader* and *idealist* in an ICA debate in the sixties<sup>(1)</sup>. W.P. Watkins also drew a distinction between “exaggerated idealism on the one hand and dangerous submission to the so-called ‘facts of reality’ on the other, both of which mean forfeiting the true aims of the movement”<sup>(2)</sup>.

The *Trader/Idealist* dichotomy is indeed a false one. Successful Co-ops around the world have demonstrated time and again that Co-operative values are *not* necessarily incompatible with efficient business. It would be equally false, of course, to claim that the pursuit of Co-op values will automatically lead to brimming cash registers. The best we can say is that we are not constrained to be either *business-like* or *idealistic*. It is possible to be both – to develop business strategies which are viable and which also express Co-operative values. Unfortunately, British Co-ops often seem to miss this simple point and end up submitting themselves to those so-called facts of reality.

### **Learning from Others**

As Stephenson says, we should of course pay close attention to the activities of our competitors. Often they can even teach us a thing or two about how to be a consumer Co-op! While we, like so many Rupert Murdochs, have often felt constrained to service the customer equivalent of the Page Three reader, other retailers have taken pioneering steps on behalf of more alert consumers. Firms like Sainsbury, Safeway and Tesco were initially far more adventurous than British Co-ops at devising consumer information programmes, stocking healthy alternatives, and persuading manufacturers to cut back on harmful additives. It is ironic that our competitors seemed to be following the innovative example of Scandinavian and North American Co-ops, while we, in the early stages at least, dragged our feet.

British Co-operators have often found it hard to learn from foreign Co-ops. What a poor return we have gleaned from all those study trips to Sweden and all those pamphlets and classes about Co-operation in other lands.

### *Examples of Innovation*

We achieve rare moments of creativity when dreaming up reasons for ignoring the lessons screamed at us by foreign Co-ops. For decades, we have been refusing to notice so many of the lessons of the Swedish movement – the store committees, the consumer information programmes, the study groups, the member-inspired redesign of basic products, the member-initiated changes in the strategy of O.K. the vehicle and oil agency, and the ingenious federal structures which enable Co-ops to enjoy the benefits of both centralisation and decentralisation. I have lost count of the times that Co-operators returning from Scandinavian tours have dismissed such achievements for the most spurious of reasons. “Oh they’re not proper Co-ops. They don’t have the word CO-OP above the doors of their department stores, (PUB, DOMUS, etc.). And no wonder they get big turnouts at meetings; they cheat! They give their members coffee, cake, door prizes and a social afterwards. Meetings aren’t supposed to be fun.”

And then there are all the lessons from Co-ops in other parts of the world: the direct-charge concept which makes it possible for small, locally-controlled stores to take on the might of multinationals; the credit union (still largely neglected by mainstream British Co-ops), a kind of responsive, locally-controlled Co-op bank which can beat the juggernauts hands down when it comes to offering service and good value to the poor; the EROSKI concept which enables workers as well as consumers to participate in the ownership and control of food Co-ops; Co-op structures for empowering disadvantaged groups as diverse as patients, the disabled, students and the residents of old people's homes.

### **Exploiting the Co-operative Difference**

Such concepts work, but not because they slavishly copy conventional business. Indeed they would not be viable if they tried to follow conventional models. They work because they capitalise on the special features of the Co-operative which are largely unavailable to ordinary businesses. The Co-operative approach involves the activation of the users of an organisation in the design of strategies and services to meet their mutual needs. It is a self-help, mutual aid, design-for-use methodology which is highly efficient in a whole range of important situations.

Before T.E. Stephenson attributes another assumption to me, let me hasten to add that the Co-operative approach will not work in *all* circumstances and, like all other businesses, Co-ops cannot neglect issues of viability. Like everyone else they also need creative, meticulous managers who must be far more than mere facilitators (though facilitation is one of their roles).

Co-operation is the most efficient strategy for meeting users' needs in a whole range of situations. For example, the Co-operative approach is likely to work best where:

1. the interests of supplier and user are in conflict;
2. need satisfaction requires a change in user behaviour;
3. needs cannot easily be addressed by purchasing a commodity;
4. decentralised solutions are more efficient than centralised ones;
5. collective solutions are more cost-effective than individual ones;
6. needs have not been clearly articulated, and suppliers are ill-informed of users' needs;
7. resources are severely limited. <sup>(3)</sup>

Countless areas of human need fall into these categories and can be addressed more efficiently and more humanely by Co-operative action. Education,

health care, community development, environmental protection, the distribution of nutritious, low-cost food, sustainable agriculture, the creation of meaningful jobs, policing and defence are just a few of the areas of need which lend themselves to the Co-operative approach.

### **Straw Assumptions**

One way of discrediting someone else's arguments is to attribute naive assumptions to them. T.E. Stephenson tries this approach on me, notably when he says that I assume everyone wants to participate. What an astonishing idea! Obviously only a minority of people will want to take part in the Co-op networks I proposed (Journal 62). And, of course, that minority will be unrepresentative of customers in general. But where does this argument lead us? Co-op activists of all kind (including Boards) are unrepresentative. Could Stephenson be suggesting that the *trader/idealist* split might be a useful way of managing this problem by relegating those awkward activists to "idealist" tasks which do not impinge on the business side of things?

Would it not be more appropriate to encourage larger numbers of better informed people to get productively involved in the activities of a Co-op? The network would be a training ground in Co-operative management. One of many important lessons along the way is to learn that the activist group does not adequately represent consumers in general and must develop ways of testing reality. Hence, my efforts in my own consulting work to involve activists in the design and implementation of market research programmes, to ensure they avoid the ever-present danger of "groupthink".

And of course managers are "an integral part of a Co-op Society" (Stephenson, Journal 64) and naturally they must be more than facilitators. And of course they must listen to customers as well as members and, yes, they do seek to control their situations to protect their career investment. But we must remember that *management* does not always have to be done by specialist *managers*. It is often far more efficient and infinitely more satisfying to design tasks so that the implementers of those tasks can be self-managing<sup>(4)</sup>.

### **Co-operation Does Things Differently**

Co-op managers like most of the rest of British society have been "trained to subservience", to use G.D.H. Cole's phrase<sup>(5)</sup>. We have all grown up in essentially authoritarian organisations which have stressed that the role of the majority is to sit down, shut up and pay attention to teacher who knows best. We can continue to carry this disabling handicap to the grave or we can recognise that the whole point of Co-ops is to do things differently. Indeed, the world is in a hell of a mess precisely because of our conventional, habitual ways of getting things done.

The world has never had such an urgent need for effective Co-ops. Will we continue to be suffocated by the so-called facts of reality or will we design the organisations that humanity and the planet so desperately need?

## References

- (1) Reported in *Review of International Co-operation* (January, 1966).
- (2) W. Preuss, *Co-operation in Israel and the World* (Rubin Mass, Jerusalem, 1969), p.69.
- (3) For more details see forthcoming SSED Working Paper *Them and Us: two ways of meeting our needs* University of the South Pacific, Suva, Fiji.
- (4) There is a huge literature on this. One of the lesser known works is Shan Martin's *Managing without Managers: Alternative Work Arrangements in Public Organisations* Sage Library of Social Research Vol.147 (Sage publications, Beverly Hills, 1983).
- (5) G.D.H. Cole, *Self-government in Industry* (G. Bell & Sons, London, 1919) quoted in Carole Pateman *Participation and Democratic Theory* (Cambridge University Press, 1970), p.38.

## The Author

PROFESSOR BRISCOE was educated at Exeter, Manchester and Harvard Universities. For his doctorate from Harvard Business School, his thesis was "Traders and Idealists" and dealt with the management dilemmas of consumer Co-ops. His work experience has included periods with the CWS, University College of Cape Breton and the Bank of Ireland Centre for Co-operative Studies at University College, Cork. He is now head of the School of Social and Economic Development at the University of the South Pacific.