

International Congress of Co-operative Science: 1975

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In Bulletin 17 dated January 1973 I reported on the 7th International Congress of Co-operative Science held at Munster, West Germany, in September 1972. I commented adversely on this conference on two points:-

- 1) "it was rarely possible for delegates from other countries to contribute to the many debates that followed each conference paper." and
- 2) "it is best seen as a West German conference which also dealt with issues concerning Co-operatives in other countries and continents."

The organisers of the 8th International Congress held at Darmstadt in West Germany in September 1975 this time made an effort to encourage visitors from overseas to make a contribution to the debates if they wanted to take the opportunity. However I felt that in the selection of the main speakers and issues my second objection was still partly a relevant one. Having got this criticism out of the way a number of overseas academics and co-operative management executives together informally agreed that this German conference served a valuable function in providing a very useful meeting point for people from different countries and continents interested in a range of co-operative business affairs who otherwise would have had no opportunity to get together. In particular I personally met other visitors from Austria, Canada, Finland, Nigeria and Western Germany and gained an interesting insight into the economic and management problems affecting some of the Co-operatives in their countries which I hope has broadened my outlook as a student of

co-operative affairs. In return in discussions with them I extended my comments on the British Co-operative Movement made previously during the official programme.

Attendance

The attendance at the Darmstadt conference showed a rapid reduction on the previous Munster conference with only a total of 228 participants recorded compared with as many as 350 persons before. However the number of non-German delegates remained static so that in one sense it was more of an international conference than it had previously been. With 74 foreign attenders at Munster and then 76 at Darmstadt the proportion of foreign attenders rose from roughly 1/5 to exactly one third.

In view of the problems of distance it is not surprising that a large group of foreign attenders come from other countries in Western Europe. There were as many as twenty-seven of them in 1972 but the numbers fell to only twenty-three in 1975. However, easily the biggest group were from Austria, who sent ten delegates in both 1972 and 1975, and the other European participants in 1975 represented no less than six different countries between them.

In 1972 there were six delegates from Eastern Europe but this figure rose to ten in 1975. However there was no participant from Eastern Germany on either occasion - a reflection of the very delicate situation that continues to divide co-operative interests in both these neighbouring countries.

There were ten delegates from South America in 1972 (six of them from Chile) but this figure fell off to only five in 1975.

In contrast the African participants numbered only three in 1972 but this time rose to a total of ten.

Much the biggest increase in participation came from Iran and Turkey where numbers increased from five in 1972 to reach a total of twelve in 1975. Apparently there is currently a renewed interest in both running and researching co-operative societies in these two countries.

Finally the Asian group numbered eight in 1972 but fell off to five attenders in 1975.

In 1972 the predominant overseas groupings were from Western Europe (especially Austria), South America and Asia but this time, apart from Western Europe, the overseas emphasis switched to Eastern Europe, Africa, and Iran and Turkey.

I have dealt with this point at length because ever since I first attended and reported on the Munster conference in 1972 British co-operators have been asking me just how "international" this conference really is in actual practice.

The Function?

Another question often put to me is to find out whether it is just an academic get together, or a meeting point for executives with a few academics privileged to attend, or an opportunity for a genuine interchange between academics and professional co-operative managers on an international basis. I think the following figures will establish that it is the third alternative that is the correct one.

	<u>Professional academics</u>	<u>Co-operative association executives, professional managers, etc.</u>	<u>Postgraduate students</u>
<u>West Germany</u>	60	87	5
<u>Overseas</u>	34	38	4
Total	94	125	9

Source: 1975 Participants register.

As a matter of interest, 23 of the 60 West German academics held the title of "Professor Dr." representing a total of fourteen universities in Western Germany. Twelve of the "Professor Dr." group came from the three universities of Giessen, Marburg and Erlangen - Nürnberg institutions which have for a long time now displayed a special interest in co-operative research topics.

On a disconcerting note perhaps I should add that I found some German academics who assumed British academics suffered from the "English disease" said to afflict our mainland. In particular they were critical of our lack of output on research studies relevant to co-operative types of organisation. I replied that firstly Britain did not have the very extensive range of co-operative organisational activity encountered in Western Germany with the notable exception of the consumer co-operatives and some agricultural co-operatives and those co-operative associations that did exist in the U.K. rather too readily assumed that higher education institutes would do their research for them for virtually nothing.

In contrast in Germany, the co-operative type of association is common for a wide range of banking and

credit institutions, housing co-operatives, agricultural institutions, retailer associations, as well as consumer co-operatives. Together these various institutions finance a variety of co-operative research projects at different institutes of higher education in Germany. They also help to finance the running costs of this series of international conferences held in Germany once every three years which is one good reason for leaving its location in that country. It would not be realistic to suggest a different national location unless co-operative institutions in the host country were similarly prepared to meet the bulk of the cost: hire of the hall (and staff), professional translation services, the extensive range of documentation services, and the entertainment facilities traditionally associated with this series of conferences. Although delegates have to make their own arrangements for accommodation and pay for some meals, the charge for the other conference arrangements is but a nominal one.

Professor Neumann

Professor Neumann of the University of Erlangen - Nürnberg opened the conference with a good opening paper on "Co-operative Societies and their concentration in business and society". He argued that the tendency towards larger scale units was affecting all types of co-operative association at present both in Germany and overseas. In general he suggested that the bigger companies in Western Europe and the U.S.A. were doing better than average in economic terms and co-operative associations should take note of this trend. Similarly larger units of administration were now acceptable in both local and national government circles and the E.E.C. itself was a large scale sovereign entity. This did not mean that co-operative associations should automatically copy a trend because it was relevant to non-co-operative economic associations. However they had to take note of changing and more demanding competitive pressures upon

co-operatives and the widespread use of better transport networks, data processing systems, new warehouse handling techniques, etc., all of which demanded a larger organisational structure and were being utilised by their large scale competitors. Small local co-operative associations whether they liked it or not were constantly being affected by these outside changes and would have to think out afresh their ideas on larger regional groupings.

Looking to Eastern Europe where there was less competitive pressure from a market situation, the numbers of co-operative associations were also being reduced both for technological reasons such as better warehousing techniques, etc. and also because of pressure from the official central planning units of those countries to increase the level of efficiency.

In the developing economies, aid to local co-operatives from international agencies was often conditional on a scheme of rationalisation because the agencies preferred to deal with only a limited number of units to maintain an effective control over the use of the funds they allocated to co-operative associations.

In this way, argued Professor Neumann, the trend towards larger economic units of co-operative association was widespread in a wide range of co-operative trades and services and over such diverse economies as the developed countries of the Western world, the planned economies of Eastern Europe, and the developing economies of Africa, Asia, and South America, etc.

This trend towards increased size brought with it problems for traditional co-operative associations, in particular the difficulty of adequately accommodating the interests of the members within the new structure. This was important because the ability potentially to exert member influence is a most important traditional characteristic of a co-operative association.

In traditional co-operative societies members can articulate their views at regular meetings of the organisation and can elect other members to the board of the society. If they still feel very strongly about the future of the society they partly own, they can even run for election to the board themselves. In the opinion of Professor Neumann large co-operative societies need very different systems of member control from the patterns of member control typically associated with smaller sized societies.

Professor Neumann commented that in his thoughts on this problem he had found the writings of James Madison, the American constitutionalist, to be most instructive here. "We should all read James Madison" he added, but he didn't have the time then to comment further on this point.

It was commonly said today that in the larger co-operative units the managers were out of touch with the wishes of the membership and that they abused their powers. If one read the records and reports of the earliest societies in Germany one realised that there was nothing new in this complaint. Members at various times over the past century had complained that the management were out for their own ends and in consequence ignored the best interests of the membership.

However today the crucial question for a team of outside observers to ask in any large co-operative association is "To whom is the management responsible?" and one had to admit that often the answer was far from clear. A further complication concerned the setting of management objectives for the larger units of control should they follow the business guidelines of private enterprise or should they add other social considerations of their own.

He concluded by saying that larger co-operative associations would have to experiment more widely than they had so far done both in terms of new structures to attract and retain a high level of membership and also in terms of setting a group of meaningful and realistic economic objectives for their management to follow in day-to-day decision making.

Professor Raffee

In another very short but stimulating paper Professor Raffee, of the University of Mannheim, spoke further on the increasing size and complexity of co-operative association structures today. He thought a further advantage of large co-operatives was their potential ability to obtain and utilise better market information systems. He also thought that properly utilized membership democracy could be a useful aid to better management efficiency in the interests of all the members. The need for good quality management at the top able also to integrate with member opinion was also important. He also thought there should be some built-in sanctions within the organisational structure to safeguard membership rights and so avoid the possibility of any abuse by the management.

He thought large co-operative associations ought deliberately to cultivate a good grapevine for grumbles coming from the bottom to the top instead of placing the emphasis on communication the other way round as was usually the case. One ought to realise that some stress between the interests of the management and the membership was inevitable in any co-operative association irrespective of size and what was important was to devise a regular system of procedure for smoothing the conflict down. Like Professor Neumann he, too, was concerned about the need to set meaningful trading objectives for the senior management to follow and thought there ought to be some way for articulating membership opinion upon this point.

Professor Blümle

Professor Blümle, of the University of Freiburg in Switzerland, briefly stressed the existence of different co-operative systems of organisation in the various West European countries. He felt insufficient attention had so far been paid to the understandable personal motives of senior co-operative managers. It was perfectly natural for them to have career needs for their own which led them to pursue certain goals which would be adopted by them as society policy unless the representatives of the membership indicated clearly their objection. He argued that you would not get good managers unless you allowed them some freedom in decision making.

In Switzerland the practice of paying senior officials on a turnover scale had led to a management enthusiasm for large scale organisations irrespective of the other factors involved - not a situation to be encouraged.

Finally he wanted to emphasize two points important to him:-

- 1) Co-operatives should take the trouble to make their objectives clear to the membership and should also encourage a feedback system for membership comment on this point.
- 2) He thought that in larger co-operative associations there was a real danger that elected members on the boards tend to become too identified with a management point of view and so cease to exercise an effective restraint over management in those instances where it does not clearly operate in the best interests of the consumer membership. In such a situation who really controls the management of the Co-operative? Professor Blümle

stressed that so far he had not heard of one co-operative society with a really effective way of overcoming this difficult problem.

A Protest

In the extensive discussion that followed these papers there was a strong protest against the trend of the conference from Professor Ludwig Schnorr von Carolsfeld of the University of Erlangen - Nürnberg: "I am upset and shaken by all this talk about profits maximisation - are they co-ops. you are talking about? Co-ops. exist for the benefit of their members and perform a valuable social learning task. I ask myself just how far is profit making useful for a co-operative for I fear that in the pursuit of it the social purposes of a co-operative tend to get overlooked." He went on to add "As for all the pressure to create fewer and larger co-operatives today too often the smaller societies get talked into it by the bigger ones and the sense of purpose and identity associated with smaller units frequently disappears once the larger unit is created."

Many of the other German academics at the conference had either an economics or a legal background and he seemed to have few followers on the speaking rostrum but I should add that he received one of the best rounds of applause from the conference and applause was not normally given to one who made a contribution to the discussion as distinct from presenting a paper. Afterwards I found that Professor Schnorr von Carolsfeld has been interested in co-operative affairs for many years now and is widely respected by many who do not agree with his opinions or interpretation of recent events in co-operative associations in Germany.

In conclusion I would like to add that I turned out to be the only participant from the U.K. and I think it

would be appropriate if collectively co-operative associations in the U.K. could sponsor a larger delegation to the next conference to be held again in West Germany in three years time.