

REVIEWS

by

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Most Co-operators could, I am sure, list the general aims of Co-operatives. Fewer, I suspect, would be so quick to identify the pre-requisites for success. The three items for review in this issue of the Bulletin stem from widely different sources. Yet each in its way contributes to a clearer understanding of the "left hand side of the equation": the factors necessary for Co-operatives to be viable.

A case study from the Co-operatives Research Unit at the Open University, **"The Story of Neighbourhood Textiles"**, price £2.00, provides in 54 pages, an account of the brief life of a "textile" Co-operative. The organisation was set up by a steering committee to produce "ladies medium to high quality outer-wear, sub-contracting machining work from designers and manufacturers". The reasons for the failure of the Co-operative are examined in detail. The author, Tony Emerson, digs below superficial generalisations about adverse market conditions and poor management. A more thorough analytical account is attempted. One of the many problems he examines is the management's inability to take criticism. This apparently led to a chain reaction linking personal defensiveness on the part of management to the collapse of the Co-operative.

As a consequence of this research the following requirements for success were identified:

- (i) a fair measure of psychological ownership by members;
- (ii) an appropriate decision making structure;
- (iii) a suitable information system;
- (iv) a programme to develop the decision making and related skills of members;
- (v) sufficient trust and respect to ensure conflicts are not immediately destructive.

"Co-operation at Work", subtitled the Mondragon Experience, by Keith Bradley and Alan Gelb, (Heinemann Educational Books, 192 pp, price £6.50 pb), undertakes as its first major task a broad comparative analysis of three industrial models. These are Japanese companies, "Western Corporations" and the Mondragon group. It is not chiefly in the field of comparative economic policy that the authors choose to distinguish their contribution from that made already by Thomas and Logan (1982)*. Instead, having made their comparison of models, Bradley and Gelb provide the results of their own surveys among workers and managers in the Mondragon group, and among two local conventional firms. These surveys are

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used principally to explore such issues as motivation, control and perceived degree of participation. In this respect it is, perhaps, a pity that their concepts are not more closely tied to similar concepts from the literature on organisation involvement, job satisfaction and expectancy theory.

Nevertheless, Bradley and Gelb's work complements the economic analysis of Thomas and Logan by providing perspectives from industrial relations and social attitudes. At least one of their findings concerning pre-requisites for success challenges a myth. The "ethnic dimension" is a widely used explanation for the success of Mondragon, but in this research "Basqueness" is found to be less important than the workers' integration into much smaller local communities. Moreover, it is interesting to learn that "Co-operators are highly critical of their management who consequently have an unusually short tenure".

Two minor criticisms of this book are first that the work on Mondragon by Thomas and Logan, while acknowledged in the text, does not appear in the Bibliography. Second, there is an Appendix with the enticing title "A Simple Model of Motivation and Control". The first line is probably a fair sample of what follows: "Production possibilities for output y are assumed to be given by a *production function*

$$y = f(k, l_1, \dots, l_n) \quad (1)$$

with f concave, displaying non-increasing returns given fixed capital k . l_j represents labour (effort) input of worker j ".

It might have been wiser to save the word "simple" for another occasion.

Co-operatives and the Poor by Dr. S.K. Saxena, (published by the Swedish Co-operative Centre, Box 15200, S-104 65 Stockholm) is an absorbing account of the policies of some international organisations, including, the ILO, the FAO and the World Bank, towards poverty alleviation and the role of Co-operatives in this endeavour. The 52 pages report incorporates a questionnaire survey of people involved in the Co-operative Movement from many countries, and a parallel survey of people working in government or bilateral assistance agencies. The first question sets the scene:

"Do you think the Co-operative Movement has a responsibility towards the "poor" in the agrarian societies of the Third World even if they are not members of Co-operatives?"

By a large majority the response was "yes", although the reasons given were very complex. Further probes follow: How can the Co-operative Movement benefit the poor? How can the difficulties be overcome?

In the analysis of the results of these questions, Dr. Saxena attempts to identify certain pre-conditions for aid to succeed in establishing Co-operatives among the poor. Some examples include: credit without collateral, lending inputs in kind rather than cash, and community based Co-operatives rather than those based on "narrow interest groups". The findings

might have been even more depressing for idealistic Co-operators – that among the very poor, the conditions suitable for Co-operatives to start are simply not there. If the problems to be addressed seem daunting, and failure a strong possibility it should be recognised that other organised forms of aid to the poor also struggle to achieve improvements in living standards.

*Thomas, H and Logan, C, (1982) "Mondragon: An Economic Analysis" published by Allen and Unwin, in co-operation with the Institute of Social Studies at the Hague.

Note of the Author

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