

# A Study of the Regional Society

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This is an interim report of the Leeds study group which is involved in a general examination of the problems of organisational efficiency and change. In its present session it has been concerned with structural change and in particular with the concept of the Regional Society.

## THE BASIC QUESTION

From the outset it was clear that the Regional Society had to be examined against the broader background of the reasons for the decline of co-operative retail trade. This raised the basic question of whether structural change, as exemplified in the Regional Society, would make a substantial contribution to the solution of the basic trading problems of the Movement, or whether other solutions involving less structural emphasis would contribute more. It was recognised that even if structural change could make a substantial contribution to resolving the Movement's problems, this did not mean that there would be an automatic acceptance of such structural change. The whole question of non-acceptance has to be faced and with it the need for alternatives of a non-structural nature. In addition it was recognised that even if the Regional Society concept was accepted wholeheartedly as a solid contribution to recovery, it would still take time to bring into operation and many of the problems facing the Movement were immediate and required attention now.

In the light of the general factors outlined above, the group has established the following programme upon which it is working:

1. to consider alternative structures to the Regional Society;
2. to consider arguments in favour of and against the Regional Society;
3. in the light of 1 and 2 to develop a study of one of the following:
  - (i) Regional Societies
  - (ii) One of the alternatives
  - (iii) A combination of (i) and (ii).

## PROGRAMME OF STUDY

On the assumption that (i) was agreed, the following procedure was evolved:

- (a) that the group should compile a case group of societies each with a specification of information; this would include, among other things:
- a statement of the assets and liabilities of each of the societies
  - an examination of the trading results of the societies, including consideration of trade penetration
  - a survey of the potential of the area involved
  - an examination of the existing policies of the societies
  - a study of existing board/management structures.

This is by no means a complete list of the information required, but is indicative of some of the areas under consideration by the group.

It seemed likely that study on these lines would indicate some of the probable obstacles if negotiations were to begin for the formation of a Regional Society, for example, how far it would be practicable to expect interested parties, that is, board members and managers, to contribute to this type of study when their own positions were by implication threatened.

- (b) that in view of the results of (a) the group would then consider proposals which would have a reasonable chance of acceptance and which would contribute to the establishment of a Regional Society. This would involve:
- (i) the establishment of clear objectives for a Regional Society. This was seen as a major issue as the objectives must influence the structure, policies and practice of the Regional Society.
  - (ii) the development of statements of policy in major fields of society activity. Clearly this would entail an examination of the present capital position and future requirements.

In practice one of the problems arising in the development of a Regional Society is to determine how far the discussions and proposals made by the uniting societies in a "Working Party" can limit the freedom of the board and top management to develop new objectives, policies and practices.

- (iii) the formulation of proposals relating to the structure of the Regional Society. This could involve the development of an organisational model to which the Regional Society would be moving but which may take many years to fulfil. Some of the topics which appeared to require consideration were
    - the role of the board of directors in Regional Societies. This raises a number of basic questions about the form of control to be exercised and about the representative nature of the directors.
    - the role of the chief executive. The need to define this role is seen as crucial, as the general nature of the role is paramount. Clarification of the role carries with it significant questions relating to the method of initial selection, the calibre of manager required and its availability.
    - the management structure below that of chief executive which has to be thought through in terms of the objectives and policies of the Regional Society.  
This restructuring of management is seen as a major problem involving long-standing co-operative traditions.
    - the structure of member participation in the Regional Society.
  - (iv) discussion of such matters as guarantees to existing staff and management, superannuation and political and educational issues.
- (c) that consideration should be given to the external arrangements and assistance which would be essential to the success of the negotiations. This means that some attempt should be made to define:
- (i) the conditions under which local initiative is possible and the best way of achieving a Regional Society.

- (ii) the conditions under which a Regional Society is not possible from local initiative and local resources.
- (iii) the kind and extent of assistance from national bodies which could fairly be expected and provided to establish a Regional Society.
- (iv) the circumstances under which the condition of a society cannot wait for the formation of a Regional Society and the alternative method of absorbing such a society into a larger co-operative structure.

In addition it is necessary to consider the cost to the Movement if national resources are not used to help either the formation of Regional Societies or to assist societies which cannot wait on their formation, and also what obligations should be laid on all societies if the national bodies provide assistance.

A further area to be explored arises out of the possibility that the societies will not be willing to voluntarily come together in Regional Societies. The need is to consider what forms of pressure and inducement can be developed to facilitate regionalisation.

- (d) that the need to obtain the support of the various interest groups involved in Regional Societies is such that a definite procedure needs to be thought out.

#### USING THE PATTERN OF PROCEDURE

While the programme outlined above is not complete it covers a wide range of topics all of which require consideration.

If the Regional Society concept is rejected for some other structural re-organisation such as a National Society, or a combination of the Regional Society with national chains in some commodities, then another pattern of procedure, with a high degree of similarity to the one outlined here, would be necessary.

It may not be possible for the group to cover the whole field as sketched above, but the preparation of the procedure has itself proved most useful in developing a number of questions.