

Central Co-operative Organisation: Next Steps?

THE RETAIL SOCIETIES AND THE CENTRAL ORGANISATIONS

by

T. E. STEPHENSON

(Senior Lecturer and Dean of Economic
and Social Studies, University of Leeds)

This paper examines some of the issues and questions raised by the debate on the Single National Federation and hopefully offers some pointers for the future.

1. The Services Needed?

A starting point for this examination is the question, "What services do societies require from a central organisation or organisations?". The straight answer must be that 'it all depends' on the timing of the question, the societies who are asked and on whether the questioner is concerned with the services that he thinks ought to be provided or the services that societies actually want and are willing and able to pay for.

On the question of timing it can be argued that the economic position of societies at any given time will influence their answer. In times of economic stringency societies may be reluctant to pay for existing services, whether directly or indirectly, and be unwilling to pay for the development of new ones even though they may be required, even essential. At the same time societies may demand more support from the central organisations in return for the same contributions and commitment. From both directions the central organisations will be under pressure.

Two factors further complicate the problem: first, in times of financial difficulty, priorities tend to sharpen and those activities which are not regarded as vital to the survival of a society, by those who have the authority to decide, will receive less support. Second, the willingness to use the services of the centre will be influenced by its past performance in the provision of those services. A society lacking confidence in the performance of the national organisation is unlikely to put its faith there when its own survival is at stake. If, however, it is forced to do so, it will do so reluctantly and this lack of confidence can contribute to produce the state of affairs it feared i.e. a poor result from its collaboration with the central body.

In times of financial plenty when there is some slack in the system it would be comforting to think that societies will support the development of national services but this is no certainty. It will depend upon the priorities of individual societies, and that means their policy makers, and upon the sense of urgency with which they view the need for these services. There must be distinction too between the stated priorities, what people say they want from central societies, and their real priorities, what services they actually use.

Thus over a period of time the services demanded by societies from the national bodies will tend to vary according to economic conditions, the strength of commitment of societies to their priorities - including their desire to maintain autonomy - and the past performance of the central organisations.

A further aspect of the time factor arises when the question is asked not of the present but of the near or distant future. My argument that there can be no static answer to the question takes on additional significance

when we look forward. It can be contended that the Movement has not examined in parallel the implications of pushing ahead with the Regional Plan and of developing its central organisations either through the existing bodies or a single national organisation. There needs to be an examination of the implications of a future situation in which there are ten or twenty Regional societies dealing with the central bodies. It seems likely that the services they would need from the centre would differ radically in quality and quantity from the services that are presently provided.

It may be claimed that the advent of the twenty Regional Societies is so far distant that it need not enter into the Movement's deliberations on the role of the national organisations. If this is the case it may be pertinent for the Movement to reconsider its attitude to the Regional Plan. In fact the trend to large societies is evident and failure to take it into account when considering the future shape of services provided by the central bodies would be a mistake. Decisions taken in the present, shape the future and pre-empt future options; decisions taken now which do not take into account both the present trend and desired future are likely to produce central organisations which are ill-designed for the future.

Implicit in my discussion of time and its influence on the services required by societies is the theme that it will also depend upon which societies are asked the question, "What services do you require from the central bodies?". As already indicated the answer will be affected by a number of factors which in addition will include that of size. If a society is large it may have developed or will develop specialist functions and in consequence require fewer or different services from the centre - it may well demand more sophisticated services seeing that it is now well able to provide the basic needs itself. In the initial

stages of developing its own specialist functions the large society may call upon the national bodies for help but once it has established them it will be increasingly independent. Thus in the case of large societies the central bodies may be regarded as pump primers and later be expected to provide more sophisticated specialisations which build upon the specialist developments in the societies. This situation will change the nature of the relationship between societies and the centre and will alter the influence that the national bodies exert. How far the large societies will want to go in developing their own specialist functions will depend upon the quality of services provided by the national bodies, by the desire for autonomy and the reduction of dependence on the centre and by their perception of their own power.

We come now to an issue of considerable concern in the debate on societies and the central bodies. I refer to Co-operative planning. It has been argued that the Movement needs more national planning and that the central bodies should provide this planning service. For this service to be successful there has to be recognition and acceptance of the distinction between 'what societies ought to want' and 'what societies actually want'. National co-operative planning, if it is even possible given the autonomy of individual societies, can only have a chance of success if it is rooted in actual society aspirations. It may be argued that this is a strategy for immobility as it is impossible to take into account the requirements of so many individual societies. Indeed this is a basic problem; the central bodies cannot meet the requirements of all societies and then this leads to dissatisfaction. Yet only by taking this problem into account will there be political realism based on the nature of the Movement.

The answer lies in looking more closely at the service requirements of different groups of societies. The grouping could be based on size. Then the question could be

phrased "What services do large, medium and small societies require?", I have deliberately left the basis of classification into large, medium and small open as it is a necessary part of the market exercise that the central bodies look more closely at the segments of the Movement, examine their differing characteristics and then build a refined service strategy.

It would have been easy to answer the original question with a list approximating to the services presently provided but this would have been to miss the central problem of the complexity of society requirements. Only by pursuing this complexity can we get near to the real requirements of societies and then go on to provide services which are effective and realistic for different groups of societies.

To meet the changing pattern of society requirements outlined in the early part of this section and to meet the different needs of societies arising out of size, the national bodies need to develop sophisticated strategies in relation to their service markets and develop organisational arrangements that are more suited to these society and temporal differences. The situation calls for greater sophistication and more flexibility.

2. Trading and Non-Trading Relationships?

In this section I will examine the distinction in the relationships of retail societies to the central trading organisation and the central non-trading organisation. I have deliberately avoided the present titles of these organisations because a central part of my argument is that regardless of the titles used many of the present problems would continue to exist in these relationships.

2.1 The relationships between the central trading body and the retail societies represent activities which are vital to the economic survival of the individual societies. This means that there is considerable concern and anxiety to these relationships. If anything goes wrong, the future of the individual society is at risk. Given this major concern the relationship will inevitably engender frustration, tension and conflict. Frustration develops because none of the parties to the relationship feel that they have the amount of control over the others that is necessary for effective operation; and tension develops because the various parties see the issues from their own standpoint and from an understandable position of self-interest. This latter point needs to be stressed, for while we talk of the Co-operative Movement it is in fact comprised of a great many autonomous units whose primary concern is with their own survival and their own efficiency; the Movement as a collectivity is a secondary concern. The link between the Movement and the individual society is more tenuous than many would like it to be. Tension moves into conflict on specific issues which are deeply felt by the different parties.

Underlying these different states there is the basic problem of interdependency. All parties need each other and are dependent on each other for a measure of their economic survival. Interdependence is a constraint on the freedom of each party to do as they like and this in itself is a source of difficulty. The problem is made more acute when the interdependence is spelt out as, for example, in the J.R.C. Report. The argument then shifts to the interpretation of what is meant and this generates further areas of controversy.

The relationship that I have outlined above is characterised by bargaining not only over procedure and the substance of agreements but also over the fundamental distribution of power between the parties. Inevitably there must be

tension and conflict, for this bargaining involves the freedom of all concerned. In entering into an agreement the parties hope that, in return for a measure of lost independence, they will gain an economic benefit which is clearly demonstrable. This means that the efficiency of the individual societies will in part be affected by the efficiency of the central trading body, and the more the individual societies are linked with that trading organisation the more dependent they are upon its efficiency. Inevitably the greater the dependency upon the central body the greater the probability of tension and conflict. The more these are experienced, the greater is the desire of the retail societies to exercise more control over the central trading body. From this there arises the question of how this greater control is to be achieved and the further question of what effect would this increased control have, if it can be achieved, upon the effectiveness of the management of the central trading body? Clearly there are a number of structural forms through which retail control can be exercised but the extent to which retail control can go will always be limited by the nature of direction and control in any large organisation.

This brings us to the crux of the question, for what really is at issue is the nature of control and its relation to the efficiency of the central trading organisation. What do we mean by control? Do we mean that retail societies should exercise control through detailed analysis of management behaviour in the central body, or do we mean control through general policy and direction? Do we mean tight or loose rein control? If control is to be detailed and tight then it will mean that top management of any central trading organisation will have to spend a great deal of time on matters of detail which should be dealt with at the point nearest to which there is operational responsibility. Given this forced pre-occupation with detail there will be little time for effective planning; time will be

in short supply and whatever planning there is will be less well designed and digested than is appropriate. Further, the more that top management is involved in examining detail the less time there is for grass roots contact. The result of this approach to control is that top management becomes defensive and becomes isolated from the grass roots. Both of these situations generate further tension and so there is the danger of escalating conflict.

The issues that I have outlined so far in this section are an integral aspect of the relationship between retail societies and the national trading body. They would exist whatever the form of that organisation. The degree of frustration, tension and conflict will undeniably change with changes in strategy, policy and organisation; with the desire of any party to assert itself; with the economic conditions; with patterns of trading and developments outside the relationship. However, for the reasons already outlined, they will always be there; to expect otherwise would be incorrectly to perceive the basic nature of the relationship. We need to recognise the paradox that co-operation involves competition and conflict, that in the act of co-operating we are called upon to give up some autonomy and that because of our need to exercise control over our situation and resources we will only concede the minimum that is necessary and it is out of this paradox that there is conflict.

The major task in the relationship between the retail societies and a central trading body is that of achieving a satisfactory and successful balance between the different parties and of managing the inherent conflict in such a way that the relationship develops effectively within areas of activity that are acceptable to all. This means, first, that the central body has to recognise the need for retail societies to exercise an element of choice so that the feeling of autonomy can be satisfied and second, that the

retail societies accept that there is a limit to the control that can be exercised over the central body if it is to perform effectively. No party can be a puppet of the others.

2.2 The relationship between retail societies and the national non-trading organisation is of a very different order. A great many of the matters involved in these relationships are not crucially central to the economic survival of retail societies. They are important but not vital. Because of this societies can and will be more tolerant of the central body. It gives them advice which they can accept or reject. This is, at once, easier for the non-trading body in that its relationships with retail societies, not being so obviously crucial, do not generate the same sort of conflict between itself and the retail societies. However, there is a cost, in that it is less easy for it effectively and influentially to gain the ear of societies. To gain effective attention would mean that the non-trading body would have to enter into activities closer to the immediate survival needs of societies and it would have to accept that in doing so it would probably engender more conflict in its relations with societies than occurs in its present generally advisory role*.

The dilemma of a central non-trading body is summed up in the contradictory comments from societies, 'Why does it not give a lead more often' and 'We don't want it telling us what to do.' These comments reflect the ambiguity within the relations between the central body and the retail societies. Basically it means that there is uncertainty as to

* In the light of this argument the transfer of the Trade Advisory Services to the C.W.S. was much more significant for the Co-operative Union than at first sight appeared; it moved the Union that bit further from the survival needs of societies.

what really is wanted and that in any case it is felt not to be disastrous not to know. In contrast it can be said of the retail societies that they have a much clearer idea of what they want from the trading body and recognise it to be crucial.

2.3 In contrasting the different types of relationship between retail societies and the two national bodies I have stressed the importance of the contribution they make or do not make to economic survival. It may be argued that this concentration on economic survival is to the detriment of the social purpose of the Movement and that the non-trading organisation is the 'keeper of the soul of the Movement'. While it may be regretted, the fact is that the non-trading body exists if, and only if, societies survive, and only if they are economically efficient. This economic efficiency depends in turn, to a certain extent, upon the efficiency of the services provided by the trading body and to a much less extent upon the non-trading body. The services provided by the non-trading body are critical to the social purpose of the Movement but they are dependent upon economic success and because of this they are, in some senses, to be regarded as secondary. This may not be very palatable in a social organisation but it is a fact which has to be taken into account in examining the relationships between the retail societies and the national bodies, and in considering the structural arrangements of the Movement.

3. Practical Consequences and Issues

If the two central bodies were to be brought together in a single national organisation it would have to cope with two very different styles of relationship and organisational devices would be required to ensure that these differences were catered for and sustained. There is a great deal of difference between a bargaining relationship

involving power conflicts and an advisory relationship where there is little power behind the advice. Unless the issues outlined above are recognised there is the danger that the advisory relationships and the services they represent will suffer in a single central body, because the bargaining relationship and the contractual element in the trading relationships can create an atmosphere which adversely affects the advisory relationships. If the structure of the central body is such that it brings the two relationships close together, without due safeguards, it would be optimistic to think that conflict in the bargaining relationship would be effectively muted by the presence of the advisory relationship, given the centrality of the former to survival. It is more probable that the advisory would suffer.

The point to be made is that regardless of whether the central trading body is the present C.W.S. or part of a single national federation, the same type of issues will occur; similarly with the Co-operative Union whether separately or as part of a single organisation. The trading and non-trading functions would still be needed and so relationships similar to those already existing would emerge and with them many of the present problems.

This is not an argument against a single national organisation; it is however making the point that an all-embracing central body would have to think out, in the terms outlined, the practical consequences of the problems of its relationships with retail societies. It also points to the need for the present central bodies and retail societies to examine their relationships with each other. If this were done, some of the present issues would be alleviated and expectations would be more in line with the different functions and their consequent relationships.

4. From this analysis and commentary a number of practical issues can be considered.

4.1 Over a period of time the services required from the national bodies, either separately or in a single organisation, will change. Furthermore different groups of societies have need of different services.

From these two points it is clear that the national organisations need to develop strategies and structures that take account of temporal change and of differences between society groupings. More complex and flexible structures and strategies are required.

As societies become larger the quality of services required will change - the large societies will make more sophisticated demands upon the central bodies. The remaining small societies will require services that are more basic but vital to their existence. One development would be the establishment of a "Small Society Unit" which would be especially concerned with the unique problems of the small societies*.

4.2 To obtain a more effective understanding of the relationships between the various parties, interchange and secondment of staff for limited periods would be productive.

4.3 The distinction between the trading and non-trading functions cannot always be clear-cut and joint activities between the national bodies would be of value in

* A study of the service needs of different groupings of societies is being undertaken by the writer.

furthering the understanding of their respective roles and in demonstrating to retail societies the interconnections between them. As I have already indicated, there would be a need to ensure that such joint activities were designed in such a way as to maintain the non-trading functions.

4.4 Any restructuring of the central bodies to achieve a greater degree of society control must realistically appraise the scope for control. The process of control is more important than the structure and here there is a strong argument for a general control of direction and policy, with responsibility for operations firmly placed in the hands of management. In return for this degree of discretion the management would clearly have to accept its increased responsibility.