

Co-operation in the 1980sPROBLEMS FOR SOLUTION

by

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The British Co-operative Movement has little idea where it is going and is going there fast - so it has been observed. Its magnificent achievements are often vitiated by structural weakness and ineptitude at the decision-making stage.

Mr. Howard Perrow, Chairman of the Co-operative Union, questioned in his presidential address to last year's Congress whether "our present constitution, with so many individual retail societies - each independently controlled - each producing its own balance sheet - each using its individual resources in its own interest, together with a gigantic national federation in the shape of the Co-operative Wholesale Society, is the correct and most efficient way of using our Co-operative resources, not only at present, but in the decades which lie ahead".

The answer is that the Movement must learn to operate as a "whole" Movement, with its resources - physical, financial and human - co-ordinated, and in which the C.W.S. and the retail societies - though not necessarily in their present form - function in an entirely new relationship.

Mr. Perrow's proposal is for the establishment of Co-op Great Britain. At the outset he sees the C.W.S., C.R.S., and a number of retail societies, irrespective of their size, coming together to form a nucleus for such an organisation. Whether it would create the "impregnable base" claimed for it may be open to doubt, but its establishment would strengthen Co-operative resources to a degree never before realised, hold out the opportunity of creating a wholesale - retail relationship based on a common interest and purpose and from which should come greater competitive power and profitability.

What is being argued is the need for unity at a time when the survival of the Movement as a major commercial and social force requires unity through the practical collaboration of both the national federations and the retail societies with each other and through appropriate organisational forms.

### Planning Co-operative Resources

I don't want to appear that I am praising famous men. I am not. But certain national spokesmen voice thoughts at certain times which re-state vital problems and set new thinking and activity in motion. So, in the previous year (1978) Sir Arthur Sugden proposed in his presidential address to Congress the establishment of a small top-level Planning Policy Committee, representative of the various interests of the Movement, and working in association with its major agencies. Its crucial role would be to assist in planning the Movement's trading future, so that it would operate as a Movement. He made no recommendation for the fusion

of the national federations and retail societies as such, but the further integration of Co-operative resources was acknowledged.

For Sir Arthur planning proceeds on the basis of a "realistic assessment of our resources", the setting then of "realistic targets", and, finally, the devising "of policies to achieve those targets". The pursuit of Co-operative planning in this way must be democratic and participative - and this requires discipline. Discussion, for example, must be informed and thorough, but it must also be decisive and followed by commitment and action.

Co-operative planning has to be seen in the context of the dynamic competitive situation in which the Movement operates. Our main competitors, the Multiples, are still the pacemakers: in investment in their businesses, in the opening of large, modern stores; in the adoption of competitive pricing policies in food and in discounting in the non-food trades. Co-operative market share of retail trade stands tenuously at seven per cent, with certain food and non-foods trades varying either up or below this overall share. Without a strengthening of our trading base which requires higher investment levels than at present and the opening of stores capable of doing the volume trade on the basis of merchandise assortments selling at keen and competitive prices, our present market share will certainly fall rather than rise.

#### Other Factors to be Heeded

Other factors have to be taken into account. First, the size of retail societies: we still have too many small societies. Of the number of

societies stated as operating in 1978 - 225, in fact - 94 each had a membership of less than 10,000 and their share of the total co-operative membership was 3.3%. Of societies with membership of less than 20,000 there were 128 - and their share of co-operative retail trade 7.9%. The competitive power of these societies must be small. There is need, therefore, for a quick completion of the Co-operative Union's Regional Plan.

A second factor requiring urgent attention is the present state of wholesale-retail relationships, particularly that aspect which affects the C.W.S. and the largest retail societies in the procurement of goods for sale by retail societies. The solution of this problem in the short-term would be a favourable indicator of the kind of collaboration required by the C.W.S. and the retail societies in a more integrated relationship, like the proposed Co-op Great Britain.

The C.W.S. Joint Reorganisation Committee Report of 1965 opened the way for a major breakthrough in the central organisation of the supply of goods to the retail societies on the basis of "a common interest and purpose" thus replacing "the outmoded buyer-seller association" then operating. Recommendations made in that report for the acceptance and implementation of this new approach are still valid.

Improved buyer-seller relationships did follow acceptance of the main recommendations contained in that report - even if imperfectly - in improved buying terms, in the recognition by retail societies for co-ordination of their demand, in the subsequent introduction of Regional

Distribution Centres in food, in the adoption of national marketing schemes, and so on.

Nevertheless, whilst gains in general are on record one must also note the frustrations which have resulted in a continuous debate between the C.W.S. and the largest retail societies in both the food and non-foods trades. These societies operating, often, modern food warehouses, are still unpersuaded that joining a Regional Distribution Centre would be in their best interests. They would be prepared to pursue the J.R.C. report approach directly with the C.W.S. and on a joint contract basis. The C.W.S. so far has resisted this approach arguing that it is the servant of the Movement as a whole and not "the creature" of either a single society or group of societies. When the ten largest societies, for example, account for 47 per cent of the total Co-operative retail trade such an attitude seems to be unrealistic. Fragmentation of their buying power through the adoption of unilateral buying arrangements has inherent dangers for the Movement: (1) it would reduce the credibility of the C.W.S. as the main procurement agent negotiating for, and on behalf of, the retail societies; (2) it may bring only transitory benefits for the retail societies concerned; and (3) it would certainly not benefit the Movement overall in the long-term.

What must be done, then? Certainly the present unsatisfactory state of affairs, both for the C.W.S. and the whole retail movement, needs to be resolved. The retail societies should place on the agenda of an early meeting of the C.W.S. a motion asking for two things: (a) that the alternative approach indicated above be examined and recommendations for adoption made. (Private

discussions between the parties in dispute have gone on for too long, the whole movement needs to take action); (b) the establishment of an independent monitoring system of the procurement operations of the C.W.S. and the retail societies, the efficiency of the methods pursued and their cost.

### Co-operative Business Efficiency

The realisation of Co-operative planning objectives will inevitably cause the problem of structural organisation to become a foremost issue but, inevitably also, the skill with which the Movement's day-to-day operations are conducted will play an ever important part. This means, then, that more managers and better trained managers must be found. And not only must they be technically equipped and have good performance records, they must also be committed Co-operators.

The nature of Co-operative management and the special qualifications of Co-operative managers cannot be examined here in detail. Suffice it to say that the Co-operative manager operates in an environment very different from his counterpart in private trade. He is responsible not to a small professional executive board of directors, but to a democratically elected board of directors who, in the main, are lay-members of their societies. Their main duties consist of making all senior appointments and in the deciding and sanctioning of major policy and the monitoring of management performance, but not the day-to-day management of their societies.

Because of the special needs of the Co-operative manager, at top levels particularly,

recruitment will by and large come from within the Movement. At the present time the Training Executive, which is composed of representatives from the Co-operative Union, the C.W.S. and the retail societies, is responsible for the formulation and development of management policy. Its resources in respect of both finance and manpower are inadequate at the present time, and if it is to advise on the recruitment of managers, on management trainee courses, and on an ambitious management development programme, devised to meet the needs of executives and managers in the higher reaches of Co-operative management, then greater resources will have to be put at its disposal.

If the Movement continues to expand its trading base and structural change proceeds, an upgrading of Co-operative management and business studies is inevitable. This raises the need, therefore, for urgent consideration being given to the introduction into universities and other institutions of higher education of provisions for these subjects. A new authoritative textbook on Co-operative management is urgently needed, as, also, is a reader suitable for both students of Co-operative management and practitioners.

In developing such a programme surely the proposed Planning Policy Committee has a role to play. And it seems that with the growth in new ideas emanating from the many new forms that Co-operative enterprise is taking, the Co-operative Development Agency also has an important part.

### Democratic Participation and Control

How important is the cultivation of member participation in the retail societies? The

developments in industrial democracy now developing?

The force of external events will compel firmer steps being taken to strengthen the Movement's organisation structure and the development of the planning function should clarify our objectives and make possible their implementation. These moves are not the responsibility solely of the Co-operative professional, no matter how farseeing and competent he may be. They involve, or should involve, the members and their representatives, and the employees.

A recent Swedish study on member participation in the consumer Co-operatives in that country suggests that member participation is not merely an expression of individual predispositions for participation, it is also a response by members to the options for participation made available by the organisational structure. That is to say: if the options for participation are limited and little stimulation of activity is generated then member participation will be low.

It is not my purpose to detail the methods that should be introduced into retail societies to fill the democratic vacuum which exists in many of them. What is already provided for should be made to work more effectively and the internal affairs of societies made more "open", thus making it easier for the ordinary member to feel a sense of community and belonging.

This means introducing and maintaining attractive forms of communication: communications which will inform members of meetings and events, their purpose and what is expected from members attending. Communications should also brief members on topics such as how the caring-sharing policy now being

pursued is affecting the approach to marketing and the payment of dividend on purchases and on the social responsibility of societies. Such an approach seeks to inform the Co-operative member on events and on topics of importance to the Movement. The engagement of members and their representatives and officials in discussion on a face-to-face basis should be encouraged.

Decision making, the resolve to do something, should be a feature of all meetings attended by members, no matter how small and informal that meeting. The resolution may merely summarise the findings of that meeting, or it may ask for certain action to be taken. Action on these lines is important if we really believe that Co-operative democracy is a live, vital thing. In essence it means: finding and giving Co-operative members a role to fulfill, ceasing to consider them passive attenders at meetings; particularising discussions, i.e. taking them away from loose, vague generalities towards decision-making and emphasis on activity at all times.

### Industrial Democracy

The introduction of industrial democracy into the Movement must be seen as an extension of the democratic principle. Employees in many retail societies stand for election and, in fact, are elected to the boards of directors of their societies. There is a fear, often expressed by the ordinary member, that employee influence is so considerable as to make it almost impossible for the ordinary member to be elected. I am not concerned with the checks that may have to be considered to safeguard the position of the ordinary member. This aspect of the problem may be raised by the

Co-operative Union with the representatives of the trades unions in the discussions on industrial democracy which are now taking place. It may be that some formula of employee representation not unlike the two-tier system of representation may emerge.

Employee participation in the affairs of local societies should, nevertheless, be encouraged for the following reasons: first, it encourages employees and their representatives to take an enlightened, constructive part in the business affairs of their societies; and secondly, it should lead to a broader base of employee interest - employees and their representatives engaging in purposeful discussion. The main vehicle for employee representation in talks with management is the joint consultation committee, with its composition appropriate to the particular grouping of employees concerned - shop, warehouse, office, etc. In the larger societies the appointment of a full-time shop steward to co-ordinate the activities of part-time shop stewards and to liaise with trade union officials and management, should be encouraged.

The encouragement of this kind of consultation, called the "unstructured approach" by the British Institute of Management, is important at this stage. It assists in the creation of a democratic participative base which will make worthwhile any new form of board representation of employees that may be introduced.

### Conclusion

The success, then, of the Movement in the decade now opening out requires unity of purpose

to enable its vast resources to be used to the fullest advantage. To realise this requires planning on a more integrated basis; the increase of democratic participation and enlargement of democratic forms of government embracing both members and employees; and increasing recognition of the social responsibilities of the Movement. Progress on these lines will ensure the unique democratic basis of the Movement being maintained.