

Management Development for Co-operatives - A Review

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There has been considerable research in recent years on the appropriate content and methodology for the delivery of co-operative management development. As a result a clear picture is beginning to emerge as to the priorities for the delivery mechanisms although the philosophy and approach towards content is less clear.¹

The content of co-operative management development

The nature of co-operative management is a matter of contention. I have in a previous article discussed the debate within mainstream service co-operatives concerning the role of professional management. I will, therefore, only give a brief outline here of the main approaches.² Essentially there are two. First, there are those who tend to see management primarily as at the service of an elected lay leadership made up of members who determine policy for management to administer. This approach emphasises the need to control management. As a result it concentrates on procedure, governance and direct member led democracy determining decision making. Second, there are those who see culture as more significant than process in ensuring the direction and quality of co-operative activities. They believe that in a modern co-operative movement the lay board must be led by a value based management rooted in the co-operative heritage. This, it is argued, provides the essential quality of leadership necessary for the survival of co-operatives into the next century.

The debate takes on a different emphasis from the perspective of the productive co-operative. Here a third approach to the concept of co-operative management can be identified. This approach sees co-operative management as a case of direct collective worker control of decision making. Management is seen simply as a co-ordinating mechanism, only necessary in larger scale co-operatives in order to keep work-place based collective decision-making on a common track. This is the worker

control model of co-operative management. It can be illustrated from one training manual produced by the Industrial Common Ownership Movement (ICOM) for the British worker co-operative movement. Management is depicted at one stage as being purely a service function to ensure the cohesion of the independent self managed operational units and, according to the authors, management ... "will not be concerned with the internal matters within the operational units."³ Such a view of the internal autonomy of the work group ignores technology and the need to determine acceptable levels of unit costs in terms of the organisation's competitive position. It also either assumes a static position for the configuration of operations or that the operating unit itself will be in a position to transform itself even to the point of self elimination if necessary.

Devolved responsibility to the work group is not the same as unit level autonomy within organisations. Autonomous work groups that are really autonomous in the worker control approach run the risk of transferring "them and us" attitudes across lines of demarcation rather than hierarchical lines of managerial authority. The Viable Systems Model in the ICOM training manual has five separate levels to run the co-operative's democratic management on the worker control approach.⁴ The fifth level, concerned with the development of policy, suggests that policy in a large co-operative could be determined at a yearly meeting of members as opposed to a traditional company where it suggests shareholders or owners make policy.⁵ In fact in both cases it is professional management that really determines policies that, if successful, will get the support of the shareholders whether capital based or member based. This has been understood ever since the managerial revolution thesis was first proposed and it has only been seriously challenged by the work of Zeitling and Scott.⁶ In neither of these two cases do the authors suggest, however, that the shareholders make policy. They do, however, argue that ownership provides the power and sanction to depose a poor management that does not operate in the shareholders interests. This is I believe practically the same situation for shareholders in membership based organisations.

One example of the weakness in practice of the worker control approach for larger scale co-operatives is the unwillingness of the British wholefood co-operatives to co-operate. The decision by a significant segment of the wholefood wholesale co-operatives

not to participate in a national marketing strategy does not appear to be based on any commercial or co-operative criteria but on parochial issues.⁷ Those that did attempt to collaborate in fact lacked the expertise and the authority to really get decisions taken quickly and move them through to the marketplace.⁸ This episode illustrates the weaknesses of organisations that interpret democracy and co-operation as a micro level operating group exercise in direct democracy. Instead, co-operative democracy should be understood as a macro level activity embracing the whole association of labour by hand and brain. Unity and solidarity require a macro level participation in the development of goals and policies for their implementation, not micro level work group autonomy.

A co-operative line management that is genuinely based on co-operative values and committed to co-operative purpose is the only way such a mass social movement can be mobilised, coordinated and lead. Such a structure does not preclude worker involvement, it rather establishes the conditions for such involvement in mutual co-operation with the other stockholders both within the association and those outside that are effected by its activities. Direct democratic control by members is essential for maintaining accountability and ownership but it can never be a vehicle for the final determination of business policy. Members' inputs can provide crucial material in the process of defining policy. Democracy is one, and only one, aspect of the co-operative identity. It must never be placed above or in place of the other principles and purpose. It is the totality of principles and values that determine co-operative identity. A professional value based management committed to the achievement of the overall co-operative purpose, and accountable to the direct membership and the wider movement, may provide clearer direction for the co-operative association and its business.

Self management skills including "co-operative working" through group-based decision making are important for the success of those worker co-operatives who choose to stay small scale. Such co-operatives may well provide a better service to customers and a good quality of life for members.⁹ The problem is that many writers in the co-operative tradition appear to expect direct or near direct control to be possible at whatever the size and complexity of co-operative business. Some of the literature identified with the worker control model of co-operative

management does appeal to involvement strategies within mainstream management.¹⁰ Participatory management styles, however, can operate within organisations with vastly different ownership structures. This does not generally produce the objective of collective management in the "workers control" tradition. Process based strategies involving consultative and negotiating machinery may simply institutionalise a "them and us" culture and may in some management eyes leave the co-operative at a competitive disadvantage in terms of shop floor resistance to change.

Much of the decision making that is central to the direction of the organisation is not encompassed by the tasks undertaken on the shop floor. It was an article of faith with both Taylor and Mayo that the shop floor workers needed the expertise of management. Devolution of management assumes that the relevant information is not only available to operational units on the shop floor but that the workers can correctly and dispassionately evaluate this information. As Michael Jones, a long standing advocate of worker ownership and involvement, puts it,

It is of course essential for any co-operative to set parameters regarding the types of decisions in which different categories of workers could, and should, be involved. Especially in larger worker owned businesses it is essential that managers are allowed to make management decisions with a minimum of input if they are of a purely business nature.¹¹

This is not to argue that in large scale co-operatives we must rely on standard management as seen in the capital based business world. Without the right management culture changing to member ownership can be problematic from both shop floor and management perspectives. This is true not just for larger worker co-operatives such as the Mondragon Group and the Scott Bader Commonwealth but for all forms of co-operative.

We need a change in culture where management and shop floor are seen as all part of the same community of interests. It is the shared values arising from the co-operative purpose and co-operative community that enables real mutual empowerment, leading to the realisation of the objectives of solidarity both within and without the co-operative. The ideology of micro level worker

autonomy will more often than not only frustrate the all important macro level solidarity of the people. Such solidarity can only be achieved by a management culture based on an understanding of co-operative purpose and the adoption of co-operative values. Without this adoption of value based management it is doubtful whether rules concerning participation in management - like those adopted by the Mondragon Co-operative Group - will increase the level of involvement or identity with the goals of the co-operative felt by the shop floor member. These measures are equally unlikely to enable the business to survive let alone prosper if the management itself has been left in the hands of people untrained and unsympathetic to the co-operative purpose.¹² The worker control approach has a socially static view of management. It implies that this segment of intellectual labour has always to be hostile to the shop floor and to real co-operative purposes. This view of management does not detach the individual manager from his or her context in share based business and the culture that pervades it. Capital based organisations dominate the economy and the values underpinning management development. It is to counter this that co-operatives have placed such emphasis on education.

Managers in a membership based organisation have the potential to operate as leading the association of labour as a whole and indeed being recognised as part of that association. What is needed are management development programmes that enable managers to provide the leadership, direction and innovation that labour in all its manifestations so desperately needs. By labour I include the activities of managers, small family business and self employed, those engaged in family based domestic activity, farmers and fishermen, as well as industrial and service workers, in the processes of creation and consumption of goods and services. Such a view of management as not just intellectual labour but as the leadership of labour can only arise based on values and purposes derived from the co-operative programme and operated within the co-operative context. This clearly requires a specific co-operative management culture and values to inform the content of co-operative management development. Such programmes do not replace the need for democratic accountability or for rigorous systems to ensure good governance. Individuals can always be corrupt in any context. Whether it is a worker falsifying clock cards, using up sickness

“entitlement” or a manager agreeing deals/sales etc for a personal pay off, we should never forget the frailty of human nature and the greater opportunity that knowledge brings for corruption as well as enlightenment.

The issue is not whether to have democratic elected boards and codes of conduct to which the professional manager is accountable. The issue is that none of this is going to enable the co-operative movement to grow and develop or take advantage of the commercial and social opportunities as they arise. Democratic boards will only rarely produce the flexibility, knowledge and skill to exercise the necessary leadership. This is top professional management’s role. The co-operative difference should be that in this case they lead, and are full members of, an otherwise democratically elected board. Unfortunately, most co-operative educationalists have failed to recognise or accept that leadership is most effectively exercised by individuals and that in today’s environment those exercising leadership must be professional. Much recent research shows a growing recognition of the importance of co-operative leadership and management development across international boundaries. Most of this work, however, fails to recognise the particular importance of professional management or to account for this in their development strategy. An example can be provided by a recent Swedish Co-operative Centre report on training for co-operative leadership. This was the result of a series of evaluation seminars undertaken with African and Asian co-operative managers and development workers during the period Sept-Oct 1992.¹³ The participants at these seminars identified a common stock of co-operative knowledge, skills and attitudes that it would be essential to address in an international training programme for any identifiable group of co-operative leadership, whether professional and executive management, lay directors or government officers and development workers. This common stock of categories identified were as follows:

- i. The political, economic and social changes and development effecting the co-operatives both international and domestic.
- ii. Management information systems involving new technologies, management techniques, strategic planning and control.

- iii. Leadership skills and attitudes.
- iv. Co-operative values and principles.
- v. Gender sensitisation.
- vi. Protection of the natural environment.

The report concluded "in the context of new economic policies oriented towards the market economy, the need for greater emphasis on these aspects in the training programme should be stressed, ideally by combining and analysing linkages between co-operative values, socio-economic objectives and competitive strengths of the co-operative. Priority should be given to issues and topics related to technical and commercial aspects of management."¹⁴

The report's priority regarding technical and commercial aspects of management training in respect of leadership is at the heart of the question. It shows that the authors are still thinking of the lay board as providing professional skills and leadership. It also demonstrates their failure to recognise the strategic relevance of co-operative purpose and values for top management. Priority for technical subjects may be correct at introductory and intermediate levels of management development but those advanced levels of provision concerned with leadership training must emphasise co-operative purpose, values and culture in order to ensure the effective strategic application of managerial skills and knowledge. Particularly those relating to the definition of objectives, the identification of standards of quality, and the development of policy and strategy consistent with the successful growth of the whole co-operative association. The report makes no mention of the differing levels of understanding and attainment required. The common components will have to have very different content and learning strategies when applied to the various groups with distinct roles and backgrounds that contribute to co-operative leadership. That priority must be given to co-operative executive management development does not appear to be recognised by the authors of the Swedish report.

Delivering co-operative management development

Looking at the issues of delivery we can say firstly that our management development programmes must provide the

individual manager with the flexibility to tailor their learning to suit their individual development needs both in terms of content and delivery. This theme was particularly emphasised in the report from U.S. Department of Agriculture entitled *Co-operative Education - Task Force Final Report*, A.C.S. Service Report 35, published in July 1993. The report concluded "Materials must be individualised both in use and in message. Distance learning, small group methods, or one on one learning would be of increasing importance in some circumstances. Materials and systems that constrain the educator/facilitator or the audience in terms of time and contents will lose out to those that don't. Materials and programmes must be built using technologies that allow the individual user to have complete control over the timing or schedule of use."¹⁵

This American research identified the need for co-operative management training to broaden its perspectives to allow for cross-fertilisation between various co-operative sectors: "bridges must be built between agricultural and other segments of our educational system, especially in the fields of business, economics and sociology. Collaborative research and curriculum development is required."¹⁶ That the current provision can be described as segmented and incomplete is not in doubt. Many audiences for co-operative management development are inadequately served by materials that rarely go beyond the introductory level.¹⁷ The way to overcome the perception of co-operative sectional exclusiveness and the consequential fragmentation of development provision that flows from it is to recognise the common co-operative purpose, values and methods found in all co-operative associations.

Managerial knowledge may be specific to a given field of activity but managerial culture, values and many of the recognised skills of effective management are clearly transferable. Building links to the various sectors within the educational system is helpful as the American report recognises. If such resources are to be successfully adapted to meet the management development needs of membership based organisations there needs to be a recognition by the institutional providers of management education of the different context provided by co-operative purpose and structure. This recognition leads co-operatives at their best to develop a distinctive co-operative management and organisational culture. In the United States it

was felt that a national clearing house was needed to collect information and descriptions of co-operative educational programmes and materials in order that a general upgrading in overall standards of co-operative management development and member education could be progressed.¹⁸ Co-operative case studies capable of use as vehicles for management development are few and far between at present.

The particular context within which co-operative management training is being delivered is recognised as being highly significant by the Swedish conducted seminars referred to in the previous section "... Co-operative leadership training programmes cannot be properly prepared without first considering what kind of co-operative development the participants are supposed to be involved in and promote on the completion of their training."¹⁹ The report concluded that regional and international training programmes should be designed to provide primarily training in those areas and for those categories of personnel who national movements training provision was unable to cater for. This implies that introductory training would be provided locally but that the more advanced levels of training, particularly at graduate and post-graduate levels could in fact be more effectively provided at the international level.

The relevance of international experience for the provision of co-operative management development was further underlined in *Report 2* of the meeting of experts of Co-operatives, Geneva, March 29 - April 2 1993. The report entitled *The Role of Human Resources Development in the Economic Viability, Efficient Management and Democratic Control of Co-operatives*, published by the ILO had this to say on the question of learning:

New approaches to training programmes include distance education for co-operative staff, managers and board members. Such courses are being offered in Costa Rica, Kenya, the Philippines, United Republic of Tanzania, Uganda and Zambia to name only a few. Mass media can be used for co-operative HRD especially in those countries where the co-operative structures are weak or more informal. In the few cases where mass media was used in the past, it was conceived as co-operative education for the general public and information for potential members as, for example, in Botswana, Cameroon, United Republic of Tanzania and Zimbabwe. Recently mass

media has been used for tailor made distance learning programmes in co-operative management, eg, the Costa Rica programme of Alice Coop. These training approaches are of particular interest in countries where co-operatives are disbursed over large areas, for example in Argentina, Australia and Brazil.

They can also be an advantage in small island economies such as those in the Caribbean or South Pacific regions, where co-operatives need to take advantage of co-operative experiences and potential in neighbouring countries and where the maintenance and operations of a specialised training institution are too costly compared to the size of the population. Distance education and training were also introduced as correspondence courses in Kenya, United Republic of Tanzania, Uganda and Zambia because of financial constraints, the large number of trainees, and the inability of trainees to absent themselves from the workplace.

The use of mass media and correspondence courses for distance education and training also reduces the migratory effects of training which takes place over long periods in urban areas.²⁰

It has been recognised in some of the literature that development agencies both in the west and the third world that have been supporting co-operative HRD activities for many decades had not been, in general, particularly successful and that the issue of setting effective standards for training policies and programmes conducted by agencies like the ILO had not been effectively established in all cases. Paragraph 38 of the *Report of the Meeting of Experts on Co-operatives*, Agenda item 6 clearly indicated the need for collaboration with established and recognised providers of higher education,

Co-operative human resource development should form part and parcel of general education and be promoted at all levels of the education system. It should be included in the curriculum of education institutions and it was noted the co-operative studies should be offered at Universities and Colleges as part of the course of economics and business management since co-operatives were among the forms of business enterprise

but having special characteristics. The meeting agreed that the establishment of School and University based co-operatives should be encouraged because they could provide business experience to youth whilst instilling in them the principles and values of co-operation. Furthermore co-operative human resource development should be linked with vocational training programmes since co-operative enterprise could provide self employment opportunities for the trained. It was also observed that where desired, recognition be given by the Ministry of Education to Diploma and Degree courses in co-operative studies.²¹

Distance learning

Advanced programmes leading to Masters level accreditation for co-operative management by distance learning are clearly one important way to meet the needs and the challenges identified in the many reports (including those cited above) on co-operative HRD²² distance learning provides wide access and flexibility at prices that are affordable to very much wider sectors of the population than would otherwise be able to have access to University level programmes and expertise. Distance learning may be more adaptable to the social as well as economic character of the co-operative enterprise with its importance for mobilising vast numbers of the world's poorest and often socially excluded peoples both because of its low costs and because of the co-operative context for its delivery

There are two elements that could support a co-operative management distance learning based programme. First, such a programme provides the flexible response needed to enable entrants to cope with the materials at an appropriate level whether elementary or fast track development.

- a) Assessment structures can permit individuals to work through the materials at the level of achievement that meets their development needs and that of the co-operative society to which they belong.
- b) Assessment levels can provide clear criteria for identification of those individuals capable of development to achieve higher academic standards that will enable them to benefit from further development.

- c) Time and place as well as pace and depth flexibility are also important aspects of distance learning provisions enabling the most effective individual integration of work and study.

Second, distance learning does not have to mean learning in an unsupported environment. At the heart of the co-operative idea is the belief in association or community as the best grounds for self help. This is particularly relevant to the process of learning and self development. Learning is a social process. If we apply the idea of mutuality to the learning process in an organisational context we note immediately the mutual benefit for the individual student and their organisation. We can recognise that co-operatives can potentially provide enhanced resources and support for the distance learning student because of the co-operative values and culture that may not always be available to distance learning students in other contexts. These include:-

(a) Horizontal strategies.

1. Co-operative groups in villages and urban communities and functional settings in more complex co-operative business environments can provide a framework for peer group learning and course member support networks.
2. Co-operatives have education as a key principle thus local resources in terms of facilities, equipment, finance, monitoring and mentoring may be more readily available to support the student.

(b) Vertical strategies.

Structured guidance for interaction with superiors and subordinates within management hierarchies to facilitate learning and development is particularly relevant to organisations which boast that education is one of their guiding principles and is central to their organisational culture and development strategies.

(c) Networking strategies

1. The widespread network of development and promotional agencies that exist to support co-operatives such as the ICA, ILO Co-operative Colleges, Government Departments, Funded Projects, Open Colleges, etc means that there exist opportunities for otherwise under resourced individuals to get access to sophisticated resources and materials to support their learning, such as: study skills; access to New

Technology; access to institutional resources such as libraries; access to locally based tutorial support; access to supplementary/additional training facilities through local co-operative development programmes.

2. The range of assignments can include some that will encourage networking and other means of accessing the wide range of development facilities that exist in most environments where co-operative development is taking place.

(d) Individual strategies.

People who join and become active in co-operative enterprises are motivated individuals who believe in a philosophy of self-help and self-improvement. They have the attitude, commitment and motivation to try hard and to succeed. This is equally true of individuals who aspire to positions of responsibility in the management of any form of organisation. The programme materials whilst encouraging candidates to network and to utilise the various opportunities that exist will also emphasise their personal responsibility for learning and provide guidance on time management and other self management techniques and study methods that can help them.

Towards a distinct co-operative management development programme

The need for progress towards a management development programme that differentiates co-operative management culture from general management culture is beginning to be recognised at the highest levels within co-operative management today.²³ It was very much part of the international debate on the draft statement of co-operative identity finalised at the International Co-operative Alliance Congress held in Manchester in September 1995. The Postgraduate Diploma/Masters Programme in Co-operative Management and Organisational Development and the Postgraduate Certificate Programme for Credit Unions by distance learning provided by the University of Leicester Management Centre's Unit for Membership Based Organisations is our institution of higher education's response to this acknowledged co-operative need.²⁴

We are offering the programme in English globally in the belief that a truly international co-operative management programme

will help co-operatives to break their isolation. It will enable the development of a global and therefore transferable management culture and based on best practice within the co-operative sector to rival that of the well defined management cultures of the movement's transnational competitors. This will help to facilitate what has long been acknowledged to be the Achilles heel in the world co-operative movement - the protecting of co-operative purpose and integrity whilst adopting a professional management structure and culture. Second, it could support the development of improved co-operation between co-operatives. This latter point is of growing urgency in the face of the opening up of national markets to growing external competition at the level of the national and regional economies within which most co-operatives have traditionally traded. The social impact of this intensified competition combined with an ideology of individualistic materialism is seen in the weakening of community, increased levels of urban and rural poverty, unemployment and social exclusion.

The fragmented and often un-validated programmes provided for co-operative management and members do not provide an adequate incentive for people to undertake co-operative management development. We need to develop advanced validated management development programmes that will enable co-operative managers to match the mobility of their capital based colleagues and enrich the wider co-operative movement. In today's global economy the movement does have the size and diversity to sustain the emergence of a co-operative management with international experience and perspectives. Co-operative management development programmes must be provided that incorporate co-operative values with the global perspective in their understanding of the business environment and strategic management. Our aim must be the development of professional managers who recognise the continuing relevance of the values of co-operative association in providing a framework for doing business that leads to increased social justice and solidarity within the disciplines of a market economy.

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