Abstract

Ann McAllister Olivarius
Somerville College
D.Phil.
Trinity Term 1991

Working Democracy: Analysis and Prospects of British Worker Co-operatives

Worker co-operatives, meaning firms producing goods or services that are owned and managed by their workers, have been a marginal and problematic form of production in Britain since their first period of substantial growth in the 19th century. They have recurrent difficulties attracting capital, developing business expertise among their members, sustaining long-term commitment and growing to the size required to compete efficiently in many industries. Yet there has been a remarkable upsurge of interest in co-operatives during the past decade, and their many successes in diverse industries demonstrate that co-operatives can offer their members a powerful combination of strong business performance and a highly satisfying work life.

This thesis asks whether the weaknesses apparent in co-operatives historically, and present in many still today, are inherent in the co-operative form. Is the co-operative sector bound to remain basically marginal, or could it, with the aid of some practical reforms, come to play a significant role in the British economy? Recognising that any answer to this question is speculative, the thesis concludes that co-operatives are not inherently flawed -- indeed they fail at about the same rate as traditionally organised small businesses -- but that they do place an unusual range of demands on members which, in a legal, financial and political climate not yet geared to co-operatives, mean that democratic firms are likely to remain a small portion of the economy.

The plan of the thesis is as follows: After a brief introductory chapter, Chapter Two surveys the present state of British co-operatives and examines the external economic and legal environment in which co-operatives function. Chapter Three surveys recent research in organisational behaviour, especially about small group behaviour in traditional businesses, to assess whether the high productivity frequently asserted for co-operatives has theoretical foundation, whether co-operatives commonly violate any established principles of good organisational design and whether large co-operatives can be run efficiently and democratically. Chapter Four presents the economic status of women in the British workforce and looks at whether the attributes of co-operatives are congruent with women's needs. Two mini-case studies are presented, of a bookselling and a cleaning co-operative, each composed entirely of women.

Chapters Five, Six and Seven present the results of the field research conducted for this thesis. Each is a case study of a functioning co-operative based on extensive interviews with its members, reviews of the co-operative's files, and a brief analysis of its financial performance. The goal was to understand as much as possible about the consequences of choosing the co-operative form: for the members' job satisfaction and for the firm's productivity, market sensitivity, ability to grow, ability to employ women, and internal dynamics. Chapter Eight sets out the conclusions suggested by comparing the case studies in light of the literature examined in Chapters Two through Four.

WORKING DEMOCRACY:

ANALYSIS AND PROSPECTS OF BRITISH WORKER CO-OPERATIVES

Faculty of Social Studies, University of Oxford

D Phil. Thesis



Ann McAllister Olivarius
Somerville College
Trinity Term 1991

Abbreviations

ARC	Action Resource Centre
BPAS	British Pregnancy Advisory Service
CAT	Central London Administrative Team
CLAKAT	Central London and Kew Administrative Team
CDA	Co-operative Development Agency (national or local)
CPF	Co-operative Productive Federation
CRU	Co-operatives Research Unit
CSO	Co-operative support organisation
CU	Co-operative Union
CWS	Co-operative Wholesale Society Ltd
COSIRA	Council for Small Industries in Rural Areas
DE	Department of Employment
DHSS	Department of Health and Social Services
DI	Department of Industry
EOC	Equal Opportunities Commission
FP	Family Planning Ltd
GMWU	General and Municipal Workers Union
GLC	Greater London Council
GP	General Practioner
ICA	International Co-operative Alliance
ICOF	Industrial Common Ownership Finance Ltd
ICOM	Industrial Common Ownership Movement
IPSA	Industrial and Provident Societies Acts
KAT	Kew Administrative Team
MAT	Main Administrative Team
NHS	National Health Services
R&D	Research and development
SOCC	Suburban Office Cleaners Co-operative
THUS	Traveller's Help Unit Service

TABLE OF CONTENTS

Chapter One: Introduction and Scope of Thesis

1.0	Introduction	1
1.1	Scope of the Thesis	4
1.2	Conduct of Field Research	8
1.3	Conclusion	13

Chapter Two: Britain's Co-operative Record Compared

2.0	Introduction	17
2.1	A Survey of British Co-operatives	18
2.2	Main Principles of British Co-operatives	27
2.3	Economic Performance of Co-operatives versus Traditional Firms	36
2.4	Main External Constraints on Co-operatives	38
2.4.1	Legal Framework	38
2.4.2	Lack of Finance	44
	A. External Sources	44
	B. Internal Finance	51
2.4.3	Public Attitudes	55
2.5	Conclusion	59

Chapter Three: The Internal Organisation of Co-operatives

3.0	Introduction	62
3.1	Suitability of Democratic Organisation to Different Types of Work	64
3.2	The Consequences of Democratic Organisation in the Workplace	72
3.2.1	Worker Satisfaction and Citizenship	72
3.2.2	Firm Performance	76
	A. Effects of Co-operative Organisation on Job Content and Worker Control	79
	B. Effect of Democratic Work Organisation on Group Relationships and Social Satisfaction	81
	C. Weaknesses of Group-Based Organisations	86
3.3	Representation and Delegation in Large Co-operatives	91
3.4	Some Basic Principles of Co-operative Design	105
3.4.1.	Education	106
3.4.2	Leadership	109
3.4.3	Clarity of Organisational Design	117
3.4.4	The Design of Groups and Subgroups	118
3.5	Conclusion	121

Chapter Four: Women's Employment: A Role for Co-operatives?

4.0	Introduction	124
4.1	The Status of Women in Paid Work	125
4.1.1	Literature Review	125
4.1.2	Recent Statistical Trends in Women's Paid Work	128
	A. Numbers of Women in Paid Work	128
	B. Pay and Conditions for Women in Paid Work	131
	C. Married Women in Paid Work	134
	D. Part-Time Work	135
4.2	Co-operatives' Attributes and Women's Work Needs	139
4.2.1	Research on Women in Management	140
4.3	Mini-Case Studies of All-Women's Co-operatives	146
4.3.1	Athena	147
4.3.2	Suburban Office Cleaners Co-operative	156
4.4	Conclusion	163

Chapter Five: Case Study of Family Planning Ltd

5.0		Introduction	167
5.1		FP Operations	168
	5.1.1	Introduction	168
	5.1.2	Historical Development of FP Operations	172
		A. Source of Clients	174
		B. Public Relations and Advertising	175
		C. New Services	179
	5.1.3	Organisation of Work	183
5.2		Financial Analysis	192
5.3		FP as a Co-operative	197
	5.3.1	Historical Development	197
	5.3.2	Structural Strengths and Weaknesses	203
5.4		Conclusion	218

Chapter Six: Case Study of Software Ltd

6.0		Introduction	221
6.1		Historical Development of Software	225
	6.1.1	Origins	225
	6.1.2	Initial Growing Pains	228
	6.1.3	Increasing Work and Continuing Conflict	232
	6.1.4	Achieving Financial Stability and Hiring New Members	236
6.2		Financial Analysis	241
6.3		Software as a Co-operative: The Costs of Individualism	243
	6.3.1	The Role of Ideology	243
	6.3.2	The Structure of Decisionmaking	245
	6.3.3	Reluctance to Make Decisions	247
	6.3.4	Choosing New Members	252
	6.3.5	Competition and Entrepreneurship	254
	6.3.6	Looking towards the Future	258
6.4		Conclusions	261

Chapter Seven: Case Study of Measurement Ltd

7.0 Introduction 267

7.1 Measurement Ltd Operations 270

7.1.1 History 270
7.1.2 The Organisation of Production 280
A. Manufacturing 280
B. Capital Formation 286
C. Marketing and New Product Development 288

7.2 The Organisation of Decisionmaking 293

7.3 Worker Satisfaction 300

7.3.1 Measurement as an Employer of Women 300
7.3.2 Compensation 304
7.3.3 Hiring 307
7.3.4 Political Expression 309

7.4 Financial Analysis 315

7.5 Conclusion 317

Chapter Eight: Conclusion 321

Appendix A: Field Research Questionnaire 331

Bibliography 357

CHAPTER ONE

Introduction and Scope of Thesis

1.0 Introduction

As citizens we believe firmly that democracy is the proper method of organising the exercise of political power. As employees we take autocracy more or less for granted. Workers take orders from their superiors and can be fired if they disobey. Their approval is seldom sought for important changes in corporate strategy, unlike government where the 'consent of the governed' is essential to legitimacy. Through unions, and through state regulation of business made possible by a universal franchise, employees have succeeded in mitigating the excesses of autocratic economic power common at the start of the Industrial Revolution. Another route to greater worker authority -- direct control over their individual firms, exercised through majority group decisions or elected managers reporting to workers or their representatives -- is quite rare, despite its obvious analogy with the political system considered one of Britain's great achievements.

The past decade has seen growing interest in strengthening worker influence and control in their firms. To decrease anomie and increase productivity, large companies have introduced innovations such as autonomous work groups, quality circles, and job enrichment programmes, which do not threaten the ultimate rights of management or shareholders but give line workers greater say over the conditions and organisation of their jobs. Many such experiments have been conducted in factories around the world, sometimes with encouraging results. In addition, the recent success of Japanese business has attracted the attention of British management experts,

who have been struck by its emphasis on group harmony and close attention by management to the opinions and suggestions of subordinates.[1]

There has also been a renaissance of interest in a relatively pure form of workplace democracy, the worker co-operative, whose numbers and variety since the mid-1970s have grown briskly.[2] Simply defined, worker co-operatives are firms owned and managed by their workers. Several social developments seem to have contributed to their growing popularity. The economic trend away from manufacturing towards services creates opportunities for firms which do not need large amounts of capital equipment. The disenchantment with large institutions widely expressed in the 1960s and 1970s spawned interest in various 'alternative' lifestyles, one school of which drew inspiration from 'Small is Beautiful' economics and stressed greater individual autonomy and self-sufficiency, attributes found in co-operatives. Sustained unemployment in major cities has led local authorities to promote various techniques of job creation, including co-operatives. Educated workers, a growing proportion of the workforce, place increasing importance on the quality of worklife. Furthermore, a larger proportion of British women and mothers are now working outside the home than in any peacetime period in this century; they especially appreciate the flexibility and collegial relationships encouraged by democratic work structures, and comprise significant numbers of those forming new co-operatives.

---

1 R. Dore, British Factory, Japanese Factory (London: George Allen & Unwin Ltd., 1973).

2 A group of researchers from the Open University have recently reviewed the statistics from government and co-operative sources on the development of co-operatives in this century. They conclude that the number of co-operatives has sharply increased in the past decade, a view shared by other observers. See C. Cornforth, A. Thomas, J. Lewis and R. Spear, Developing Successful Worker Co-operatives (London: Sage, 1988).

Despite the recent growth in co-operatives' popularity, their historical record provides no strong grounds for optimism about their prospects. The idea of firms owned and run by their workers is not new. Worker co-operatives gained a substantial following in the latter half of the 19th century. Strong worker commitment led to high productivity, and great things were predicted for them. Problems of finance, internal organisation, generational succession and failure to keep abreast of technical change led to their steady demise, so that by 1960 only a handful of co-operatives still functioned in Britain. Many of the 'new wave' (post-1970) co-operatives have already fallen victim to the same maladies. In contrast to this checkered record for co-operatives stands the obvious vitality of many large hierarchical businesses, especially since the Second World War.

It is this observed gap -- between the inherent appeal of applying democratic principles to work and the recent upsurge of interest and optimism about co-operatives on the one hand, and co-operatives' relatively disheartening historical performance on the other -- which originally suggested the inquiry of this thesis. Are the weaknesses evident in many democratic firms inherent in their structure? Is the co-operative sector bound to remain basically marginal to the mainstream of economic life or could it, with the aid of some practical and realistic reforms -- for example, changes in law, provision of finance, publicity and training -- come to play a significant role in the British economy?

These questions are inherently speculative, and any answers to them are matters of probability more than certainty. The existing literature on co-operatives was surveyed in search of tentative answers. While much of this body of knowledge has continuing value, the search revealed gaps which could profitably be filled before trying to predict the future role of co-operatives in the British economy. First, there is need for more rigorous case studies about how co-operatives actually function and grow over time.

Many existing case studies are 'snapshots', that do not deal with the co-operative's historical development as a business. If co-operatives are to have any substantial future role, they must appeal not only to ideologically committed democrats willing to try a democratic experiment for a short while, but to the much larger group who might be interested if co-operatives could be shown to have a reasonable chance of growing and developing as a business. Second, very few researchers have conducted in-depth case studies on more than one co-operative, limiting their value as a source of generalisations about co-operatives generally. Third, except for some parts of the recent book by Cornforth et al., Developing Successful Worker Co-operatives, there has been no serious attempt to apply recent developments in organisational behaviour, especially its findings about effective small group design, to identify whether co-operatives manifest some characteristic strengths and weaknesses. Fourth, no one has tried to assess the implications for co-operatives of their new-found popularity among women. If women generally come to see co-operatives as a promising vehicle for work which (through job rotation and group decisionmaking) would expand their capabilities while also permitting them to meet their disproportionate family responsibilities, the pool of potential 'co-operators' could sharply expand.

Once these gaps in the co-operative literature became evident, the plan of research for this thesis took shape. Its main elements are reflected in the sequence of chapters.

1.1 Scope of the Thesis

After this brief introductory chapter, Chapter Two surveys the present state of British co-operatives and examines the external economic and legal environment in which co-operatives function. Chapter Three surveys recent research in organisational behaviour, especially about small

group behaviour in traditional businesses, to assess whether the high productivity frequently asserted for co-operatives has theoretical foundation, whether co-operatives commonly violate any established principles of good organisational design and whether large co-operatives can be run efficiently and democratically. Issues of size, leadership and organisational change are explored. Chapter Four presents the economic status of women in the British workforce and looks at whether the attributes of co-operatives are congruent with their needs. Two mini-case studies are presented, of a bookselling and a cleaning co-operative, each composed entirely of women.

Chapters Five, Six and Seven present the results of the field research conducted for this thesis. Each is a case study of a functioning co-operative based on extensive interviews with its members, reviews of the co-operative's files, and a brief analysis of its financial performance. The goal was to understand as much as possible about the consequences of choosing the co-operative form: for the members' job satisfaction and for the firm's productivity, market sensitivity, ability to employ women productively and to handle growth.

The three firms ultimately chosen for in-depth case study were Family Planning Ltd (FP), the largest abortion and family planning clinic in Britain, which had 170 members at two locations in London, most of whom were women (Chapter Five); Software Ltd, a seven-member co-operative in London which wrote computer software and offered consultancy to companies wishing to buy microcomputer systems (Chapter Six); and Measurement Ltd, a thriving Cambridge-based manufacturer of scientific instruments with approximately 15 members.[1] Software Ltd was the only one which began as a co-operative; Measurement Ltd converted from a partnership and FP added

---

[1] The names of all firms investigated for this thesis, and the members thereof, have been changed to protect anonymity. Those who have reason to learn the true names may contact the author.

co-operative elements to a charity. The most important characteristics the three co-operatives shared were 1) labour-intensive work; 2) relatively well-educated members; 3) some essential measure of financial security, having surmounted the hurdles of starting up; 4) expanding markets for their products; and 5) product lines which were outside the 'alternative-left' tradition of wholefoods, radical books, etc. Because this thesis seeks to determine whether co-operatives could play a larger role in the British economy, it was thought important to examine financially healthy rather than marginal co-operatives to see how democratic organisation fared over the long haul, and to see how co-operatives faced with a real possibility of growth approached the problems of size. The case studies are thus deliberately not 'representative' of co-operatives generally. Instead they examine firms which have one or more indicia of unusual business strength -- highly educated members, a niche in a growing market and/or an impressive record of expansion. The object was to see what basically strong (though hardly 'perfect') co-operatives could reveal about the potential for this form of business.

Co-operatives are difficult to research for a variety of reasons. The absence, when research was begun, of any good central list of co-operatives made it difficult to identify the population available for study, let alone the characteristics which would make one co-operative a better subject than another.[1] Practical problems also arose in establishing contact with individual co-operatives, gaining the members' consent to be studied, devising means of access which permitted unobtrusive observation, and creating a relationship where both investigator and subjects stood to gain from collaboration. Since co-operatives are generally homogeneous groups

---

[1] This problem has since been largely surmounted with the creation of the London ICOM Worker Co-operative Database.

which operate by consensus, opposition from a single member can block access.

These problems were graphically experienced in conducting preliminary research at the first co-operative selected for study, the bookstore Athena Ltd.[1] After five months of study, including protracted interviews with members and customers, an inspection of Athena's books uncovered financial improprieties which led the co-operative angrily to withdraw research access. Although Athena agreed to allow use of the material that had been collected, making possible its inclusion as a 'mini-case study' in Chapter Four, further access was denied.

Many worthy but tangential subjects and lines of inquiry have necessarily been excluded from this thesis. At the outset, thought was given to collecting financial results from a large number of co-operatives in order to provide a comprehensive basis for analysis and generalisation. This was abandoned after preliminary work made clear that existing sources of information about co-operatives were too spotty to provide confidence that any sample collected would be representative. Furthermore, co-operatives would not readily divulge their financial results to a stranger, and it became evident that analysing the financial results in a vacuum, without a thorough understanding of the co-operative's operations and internal dynamics, would have limited value.[2] Agricultural and retail co-operatives have been omitted, although their experiences with democratic decisionmaking might contribute some insights to an understanding of worker co-operatives. The experience of worker co-operatives in other countries is noted occasionally, in particular the Mondragon network in Spain, but detailed foreign field

---

1 Again, a fictitious name is used to protect anonymity.

2 Cornforth et al., Chapter 2, have made interesting progress towards a comprehensive survey in their analysis of the survival rate of several hundred co-operatives compared to that of traditional firms.

research was not possible, and would have expanded the material beyond permitted limits. Space restrictions also prompted a severe cut in the attention given in previous drafts to the history of British co-operatives, which though instructive drew heavily on secondary sources. Finally, certain 'high profile' co-operatives were excluded. The well-known intervention by the last Labour government's Secretary of State for Industry, Tony Benn, in transforming three large but moribund companies into co-operatives was not given detailed attention both because others have already studied it and because that episode, though well known to the public, is highly atypical of the pattern of recent co-operative development.[1] So-called 'philanthropic' conversions in the model of the 500-person Scott Bader chemicals firm, in which grateful owners give their firms to their workers, were also omitted because others have studied them. Instead this thesis concentrates on co-operatives started by their own workers, in sectors of the economy expanding sufficiently that long-term economic success, traditionally defined, is a serious possibility for the co-operative. All of the case studies also represent the most significant sector of growth in the British co-operative movement in this century, the 'new wave' of post-1970 co-operatives whose members are generally well-educated and eschew large hierarchical institutions in favour of equality, self-reliance and work they find satisfying.

1.2 Conduct of Field Research

Except for the loss of time due to Athena, the research for this thesis adhered to a fairly standard sequence:

---

1 In the aftermath of the failure of these 'Benn co-operatives,' it also seemed that trying to rescue dying firms by making them into co-operatives was an unfair test of the co-operative form. However, there is recent evidence that 'rescue' co-operatives can succeed quite impressively. Cornforth et al., p. 39.

(1) Preliminary fieldwork was undertaken at the national Co-operative Development Agency (CDA) to determine the present state of co-operatives in Britain and to identify the main issues facing them. In addition, 14 co-operatives were visited in the London area, and over 50 co-operators and several long-time observers of the movement were interviewed. Research on Athena was begun to see how a co-operative actually operated from day to day and to identify relevant questions for other co-operatives.

(2) A literature search was conducted to broaden and deepen knowledge on co-operatives prior to in-depth study. Attention was first given to publications from the co-operative movement itself. Various libraries on co-operatives were visited, including the Plunkett Foundation for Co-operative Studies in Oxford, the Co-operative Research Unit (CRU) of the Open University in Milton Keynes, and the Co-operative College in Leeds. Because of shortcomings in this literature, a wider range of sources was then consulted: books on democratic theory, management, job satisfaction and job design, organisational change, the psychology of group behaviour, the effects of size on organisations, and the demographics of the British workforce. Domestic and international conferences on industrial democracy were attended, the Mondragon co-operative network in Spain was visited, and members of various co-operatives were consulted about the problems they were facing. A short list of co-operatives for field study was compiled. Candidates had all achieved a certain financial stability, had not been studied by other researchers, and were not so rigidly ideological that they disdained business success. After negotiations about conditions of access, the three co-operatives actually studied remained on the list and another mini-case study, of the Suburban Office Cleaners Co-operative

(SOCC), was undertaken.[1]

(3) A detailed research questionnaire was designed. Its purpose was to elicit, as far as possible, a 'whole picture' of a co-operative's operations: its internal structure and the evolution of that structure over time, how decisions are made and implemented, sources of finance, the extent of help from the co-operative movement and other outside sources, the effects of democratic organisation on worker satisfaction, productivity, and market sensitivity, the motivations of members in working co-operatively, the problems they have solved and not solved, and the impediments blocking greater business success. This questionnaire was tested at Athena and SOCC. Adjustments were made to it in preparation for the other case studies.

(4) Preliminary fieldwork began during academic vacations while a year was spent at the Oxford Centre for Management Studies (now Templeton College), learning techniques of financial and organisational analysis. The questionnaire was revised according to what was learned there and during preliminary fieldwork. The final version is reproduced in Appendix A.

(5) Full-fledged case studies on three co-operatives were conducted, resulting in the material which appears in Chapters Five, Six and Seven. The majority of the research was conducted from 1980 to 1983, with breaks for analysis, study, transcribing research tapes and drafting. Information was collected on site by direct observation and formal and informal interviews with all of Software's and Measurement's workers and many of FP's. Interviews were primarily conducted one-on-one, although there were occasional group conversations. The formal interviews, based on the research questionnaire, each lasted an average of four and a half hours

---

1 Again, as with all the case studies, a fictitious name is used to protect anonymity.

and were tape recorded. Interview subjects received a transcript of their interview for comment and correction. Telephone interviews and letters provided answers to further questions as they arose.

In addition to the formal interviews, there were numerous informal conversations with co-operative members and sometimes with the co-operatives' clients. The co-operatives' files were extensively consulted as a check on the members' recollections and as a source of material to jog their memories. Financial records were examined. Impressions and information were gathered from spending approximately two months at each co-operative, attending its normal meetings, watching members work (and contrasting those observations with what members said about their work), and talking informally with them and their families after work. During field research a diary was kept of events; impressions were written down after each day and sometimes during the day. The decision to study three co-operatives was to provide a basis for comparing and contrasting them.

The choice of a relatively open-ended, interview-based research strategy for studying co-operatives is supported by several authorities on research methodology. As Blanck and Turner have stated, a 'gestalt approach', by which they mean open-ended, interview-based research intended 'to capture the wholeness of ongoing complex social systems', is

> perhaps most obviously appropriate when the subject has not already given rise to established theory and clearly stated propositions. If little research has been done on the phenomena to be understood, it may make sense to go into the field with an exploratory and relatively open frame of mind to discover what can be learned through direct observation.[1]

The primitive state of existing data and hypotheses about co-operatives ruled out a methodology based on a statistical sampling from many co-operatives.

---

1 P. Blanck and A. Turner, 'Gestalt research: clinical-field-research approaches to studying organisations', Chapter 8 in Lorsch, ed., Handbook of Organisational Behaviour, pp. 109-111.

Furthermore, the questions this thesis seeks to answer about the future role of co-operatives in the British economy are too broad to lend themselves easily to precisely quantifiable questions. Other co-operative researchers have uniformly chosen to conduct 'exploratory and descriptive studies' rather than employ a 'hypothesis-testing framework' because the existing co-operative literature is 'scanty and provide[s] little by way of generalisations or hypotheses'.[1] Furthermore, the effects of democratic organisation are diverse, complex, change over time, and are highly dependent upon the individuals and industry involved.[2] Under these circumstances, Wiess and Rein have argued that

> a more effective methodology would be ... descriptive and inductive .... It would lean towards the use of field methodology, emphasising interview and observation, though it would not be restricted to this. But it would be much more concerned with learning than with measuring.[3]

In two of the three case studies, Software Ltd and Measurement Ltd, the entirety of the co-operative's membership was interviewed. At FP, the membership of 170 made this impossible. Instead all the 'top management' were interviewed, including administrators, financial and press officers, and some doctors; in response to posters and a brief article in the FP newsletter concerning the research, 22 other members came forward to discuss their work. Those interviewed represent all sectors of the membership (medical, administrative, custodial and staff), as well as workers from all job categories. Informal conversations were also held with medical, administrative and custodial personnel who did not have time to participate

---

1 Paton and Lockett, 'Fairblow Dynamics Ltd: Participation and Common Ownership' (Milton Keynes: Co-operative Research Unit, Open University, 1979), pp. 2-3.

2 Ibid., p. 4.

3 Wiess and Rein, 'The evaluation of broad-aim programmes', in Caro, ed., Readings in Evaluation Research, quoted in Paton and Lockett, op. cit., p. 4.

in a formally structured interview but who wanted to register their views. Another 40 employees were observed informally in the course of their work.

1.3 Conclusion

When this thesis was begun in 1978, the growth of 'new wave' co-operatives which is now clearly documented was just gaining momentum and, while sensed, was not manifest to students of the field. Preliminary work, mostly conversations with those active in the co-operative movement, spawned some tentative hypotheses. First, it seemed evident that much of the self-styled co-operative movement was irrelevant to people who might consider starting or joining a co-operative. There was considerable infighting among co-operative activists, strangely cut off from what was occurring in the field, like the bitter feuds of emigré politicians. Some activists seemed more concerned to promote their own turf and (perhaps obsolescent) vision of co-operatives than to direct scarce resources towards practical results. Potential co-operators thus lacked a clear source of advice and help. The Plunkett Foundation for Co-operative Studies was doing good work, but it focused on agricultural co-operatives. The national Co-operative Development Agency (CDA) was just starting, as was the £250,000 government-sponsored loan fund for co-operatives, Industrial Common Ownership Finance (ICOF). Ernest Bader's Industrial Common Ownership Movement (ICOM) was energetic, but it was also small and somewhat dogmatic about the kinds of co-operatives it considered acceptable. The Co-operative Union (CU), though large and venerable, was tired and concerned only about consumer co-operatives.

It also seemed evident that many of the new 'alternativist' co-operatives, lacking effective central help, demonstrated some common problems. They had scant financial resources. They did not know where to find other co-operatives with which to share knowledge and customers. Their members often lacked business training, and a certain anti-capitalist ideology sometimes

elevated that ignorance to a kind of virtue. The members of these 'new wave' co-operatives often demonstrated high commitment and satisfaction, holding out the prospect that co-operatives might attract many new adherents once a 'critical mass' could demonstrate their capabilities to a broader public. But no such critical mass seemed likely to develop until several things happened. First, co-operatives had to become more respectful of business success in traditional terms, i.e. seeking increased sales and profitability in sectors of the economy likely to grow. Second, the mechanisms of ownership and control used by co-operatives had to be overhauled, so that members could derive personal gain from the co-operative's success without threatening the essentials of democratic control. Third, those interested in promoting co-operatives had to put aside their quest for ideological purity and focus instead on outreach work. From this individual co-operatives would benefit, and the activists would gain firsthand knowledge that could advance their own theoretical understanding. It also seemed likely that co-operatives could find a ready 'market' of new members in women, who were working outside the home in increasing numbers and might find co-operatives' emphasis on skill sharing and collective decisionmaking consistent with their own needs and cultural patterns.

When these ideas were first tentatively advanced in 1980 and 1981,[1] co-operative activists and scholars were negative. The hypothesis about women's potential role was not actively denounced but gathered no support either.[2] The need for better funded and more effective central bodies to support co-operatives (including a specialised bank) was widely accepted, but the other

---

1 Remarks of the author at Conference on Co-operatives, Dubrovnik, Yugoslavia (1980), and Conference on Industrial Democracy, Gillilije, Denmark (1981).

2 Feminist scholars outside the co-operative movement were also skeptical of this hypothesis. They disagreed that women might have special work needs because of their family responsibilities which only 'marginal' institutions like co-operatives could fulfill.

hypotheses were rejected. Their focus on business success and broadening co-operatives' appeal to a mass audience was denounced as 'too business school', 'too American'. It offended many activists' communal values to question the norm that 'members [of co-operatives] coming in take on the co-operative's liabilities, members departing leave behind the co-operative's assets'. Co-operators were supposed to disdain personal enrichment and be satisfied with their wages. Existing vehicles of ownership and control were said to be time-tested and ideologically sound. It was better to maintain their soundness than to make them more palatable to the mainstream through dilution. To consider profitability a virtue violated the ideology which attracted many members and activists to co-operatives in the first place.

In the intervening decade the thinking of the co-operative movement has evolved so that these once controversial ideas have entered its mainstream. The recent major book by Cornforth et al., for example, gives significant attention to determining the ingredients of co-operatives' business success. A great explosion of locally based co-operative support organisations (CSOs), with considerable practical experience in solving co-operatives' problems, has infused the national debate on co-operatives with new vitality and realism. As we shall see, co-operative theorists are trying to devise new mechanisms of ownership and control which will attract new sources of finance to co-operatives, including retained earnings which will eventually be paid to individual members, to allow them to profit as individuals from the co-operative's success. The value of concentrating co-operatives in growth industries rather than ideologically comfortable ones has received theoretical blessing through adapting Marxist labour process theory to the co-operative context (see Chapter 2).

While this path of intellectual development in the co-operative movement is, to the author, both gratifying and ironic in light of how many of these ideas were first received, it also holds out the prospect that co-operatives might play a larger role in the British economy within a reasonable period. The co-operative

movement is now focusing practically on how to expand. In a market economy expansion requires attracting more members, favourable attention and investment.[1] In this context, the approach of this thesis has value. By trying to translate the conclusions of organisational behaviour experts on small groups into the dialect of co-operatives, it provides some insights into how co-operatives can attain greater longevity. By focusing on essentially successful co-operatives in growth industries -- which should prosper if any co-operative is going to -- it offers some insights into whether co-operatives can grow significantly without losing their distinctive advantages. By trying to identify the constraints on the case studies' successful development, it hopes to provide lessons which a revitalised co-operative sector can put to good use.

---

[1] As will be discussed in Chapter 2, many co-operatives can satisfy their members' objectives without growing ever larger and becoming more profitable, just as many small traditional firms deliberately stay that way.

CHAPTER TWO

Britain's Co-operative Record Compared

2.0 Introduction

This chapter has two principal tasks: to survey the present state of British co-operatives, and to outline the main features of the external environment which shape co-operatives' structure and function. After briefly describing the number, size and range of products of British co-operatives, the major principles by which they have traditionally been guided are summarised. Co-operatives' economic performance is then compared to that of small traditional firms. The constraints imposed on co-operatives by the economic and social environment are then described. The most important aspects of this environment are the forms of ownership and control legally available to co-operatives, the lack of strong financial institutions to serve co-operatives' needs, and public ignorance or distrust of the co-operative form. Some suggestions for improving this environment are offered, a subject to which we will periodically return. A brief account of the successful Mondragon co-operative network in Spain is offered by way of antidote to the common view that co-operatives are inherently small and weak. This chapter, with its focus on the external framework which shapes co-operatives, and Chapter Three, which examines the internal consequences

of choosing the co-operative form from the standpoint of organisational behaviour, are intended to survey the literature[1] and set out the questions on which the case studies can shed light. The object is not to replicate the work of others by describing comprehensively the evolution and present status of British co-operatives, which would be precluded for reasons of space alone, but to draw from that work an understanding of the main problems facing co-operatives today.

2.1 A Survey of British Co-operatives

While still a miniscule proportion of the country's economy, British worker co-operatives have experienced remarkable growth since the mid-1970s, especially in the 1980s. Compared to an estimated 71 co-operatives employing 3200 people in 1975, there were 279 employing 3900 people in 1980 and 1234 employing 8500 people at the end of 1986.[2] The Department of Employment estimated that some 2000 co-operatives were operating in 1989;[3] approximately 300 new ones start each year.[4] The public perception that co-operatives are predominantly a mechanism for salvaging moribund firms from bankruptcy -- a perception based on the failed attempts of the last Labour government, particularly its Secretary of State for Industry Tony Benn, to save Meriden Motorcycles, the Scottish Daily News and Kirkby Manufacturing and Engineering by turning them into

---

1 Of this literature, the source on which this chapter relies most heavily is the important recent book by Cornforth et al.

2 Cornforth et al., Table 2.1, p. 25, drawing on the London ICOM Worker Co-operative Databank. Professor Jones estimates the numbers of functioning co-operatives as follows: 112 in 1905; 71 in 1913; 64 in 1924; 50 in 1936; 44 in 1950; 37 in 1960; 26 in 1970. D. Jones, 'British Producer Co-operatives', in K. Coates ed., The New Worker Co-operatives (Nottingham, Spokesman Books, 1976), pp. 36, 41.

3 DE, 'Labour market & skill trends 1991/92' (1990), p. 57.

4 Cornforth et al., p. 25.

co-operatives -- is not supported by the pattern of recent co-operative development. Indeed what is most striking about British co-operatives today is their generally small size and varied lines of business. The average number of employees of British co-operatives is seven and the median number of employees is four, although this smallness may not be representative of the potential for large co-operatives in the economy since most co-operatives are so new. Co-operatives sell a diverse array of products and services: consumer goods such as shoes and clothes, customised computer systems, scholarly journals such as the Cambridge Journal of Economics, raw materials for plastics, leisure aids for the disabled, furniture, woodwind musical instruments, beers and ales, jewellery, electronic products, civil engineering consultancy, bicycle manufacturing and repair, medical care, travel arrangements, language schools, psychotherapy and midwifery. The London Symphony Orchestra is a co-operative, as is a group of ex-convicts who repair buildings. This variety points to the adaptability of the co-operative form to many different enterprises and its potential for playing a more extensive role in the British economy. Approximately 27% of co-operatives are in manufacturing (with most of those in printing, clothing manufacture and engineering), 15% are in retail (primarily wholefoods and bookstores) and 45% are in services (primarily catering, cleaning or media).[1] Most of the new entrants are in fields where capital and skill requirements permit relatively easy entry. London and other urban areas of high unemployment, especially those served by bodies aimed at helping co-operatives (co-operative support organisations, or CSOs), have unusually high numbers of co-operatives.[2]

---

[1] Ibid., pp. 26-7.

[2] Ibid., p. 38.

Before surveying the range of British co-operatives in greater detail, it is sensible to consider the threshold question: what exactly is a worker co-operative?[1] Many detailed definitions exist. Ellerman states that

> [a] worker cooperative or industrial cooperative is a company where the 'owners' or members are the people who work in the company. The workers hold the basic 'ownership' or membership rights which consist of: (1) the voting rights to elect the board of directors which, in turn, appoints the management, and (2) the rights to the profits or net income of the company. Each member has an equal vote in accordance with the democratic principle of one-person, one-vote. The net income, which could be positive or negative, is shared among the members according to some agreed upon formula.[2]

Derek Jones posits a similar definition: 'an autonomous enterprise in which the initial structure and organisation is such that: (a) many workers (usually by individual ownership of stock) are members of the firm; (b) worker-members participate in the enterprise's control and management; (c) control is usually on the basis of one member, one vote (where voting rights vary directly with stock ownership, there is an absence of stock ownership); and (d) worker-members share in the net income (surplus) and capital is paid a fixed and limited return'.[3] Thornley suggests more simply that a worker co-operative is a firm which 'manufactures goods or provides services, and that is owned and controlled by those working in it'.[4]

Thornley's definition, the most inclusive, is adopted here. The

---

1 This thesis examines 'worker' or 'producer' co-operatives, as distinct from retail or consumer co-operatives in which a store is owned by its customers but its workers have no particular rights of ownership or control. A sympathetic account of consumer co-operatives' history and accomplishments can be found in A. Bonner, British Co-operation (Manchester, Co-operative Union, 1970).

2 D. Ellerman, 'What is a worker cooperative?' (Somerville, Mass., Industrial Cooperative Association, Inc., Pamphlet, 1984), p. 1.

3 D. Jones, 'Producer cooperatives in Western economies', 18 Brit. J. Indust. Rel. (1980), pp. 140, 142. Cornforth et al. have adapted this definition slightly for their own use, p. 3.

4 J. Thornley, Workers' Co-operatives: Jobs and Dreams (London: Heinemann, 1981), p. 1.

essential elements of a co-operative are ownership and control by the workers, but the specific forms of such ownership and control may legitimately differ. Ownership can be by the workers as a collective (the dominant form in Britain, with each member owning a single nominal share worth £1), or by workers individually with greater or lesser restrictions on share transfer to protect continuing worker control. The extent of individual ownership can increase with seniority, productivity, 'management' responsibilities or not; outsiders may be permitted shareholdings which do not threaten worker control, although very few British co-operatives allow this. The limited return on capital discussed in Jones' definition, while common in British co-operatives, is not an essential element of worker ownership although it reinforces the communitarian ideal espoused by many co-operative activists.

Control by workers in co-operatives is not usually exercised through a board of directors or an elected management, though this does occur in some larger firms, but through consensus decisions reached after informal discussion by the whole membership. This is sensible in the small groups which constitute most co-operatives. Some co-operatives permit majority or super-majority votes on important questions; others delegate some tasks to subgroups; one (the subject of Chapter 5) has a board of outsiders which by agreement ratifies the decisions made by members' elected representatives, but is available to give disinterested counsel if desired. In the past many co-operative activists, perhaps unaware of the various methods of ownership and control which firms seeking democracy have employed, have raised their own particular definition into dogma. This thesis argues that the 'co-operative' mantle can rightly be applied to any business 'wholly, or substantially, owned and controlled by those who work in it and run for their

mutual benefit'.[1]

Co-operatives are varied not only in their lines of work and mechanisms of ownership and control but in the motivations of their members for choosing to work co-operatively. 'For example, a co-operative might be seen by a group of redundant workers as a way of creating their own jobs and escaping the vagaries of working for a capitalist employer. On the other hand, a group setting up a wholefood co-operative might see it as an expression of their political beliefs, for example as a means of achieving a more egalitarian society based on consumption for need rather than profit'.[2] Some co-operatives are 'given' by owners of existing traditional businesses to their workers as an expression of gratitude and social conscience, such as the 500-member Scott Bader chemicals firm or the 400-member Bewley's Cafes of Dublin. Others are discarded by owners who have run out of ideas for reversing a slide towards bankruptcy, to workers more or less prepared to run a democratic business; and sometimes workers themselves propose the takeover. Members' motivations can change over time too: for example, activist founder members can 'burn out' after a period of intense involvement; workers who start a co-operative desperate for a job of any sort can come to appreciate the control they gain over their work, their relations with their colleagues and an increased sense of contribution and self-worth.[3] Co-operatives are heterogeneous, and like all institutions they change over time. Only recently has the co-operative literature been willing

---

1 Cornforth et al., p. 3.

2 Ibid., p. 8.

3 Chapter Three describes in greater detail the idea of 'exchange theory', which holds that people look to their job not simply for maximum wages (as neoclassical economics would argue), but as a network of attributes -- wages, camraderie, sense of accomplishment, interesting work and time for outside pursuits among others -- each of which will have different values for different people.

to acknowledge the complexity which these two observations bring to empirical research and theoretical development.[1] But if acknowledgement of the variety of co-operatives and of the motivations of their members makes it harder to develop and test generalisations which can cover all co-operatives, it is also liberating to recognise that co-operatives need not follow a rigid model. Some may grow prosperous and large at the price of replacing intense direct democracy with representative institutions; some may exist for years at a low economic level while still satisfying their members and customers; some may provide scarce jobs for a few years in a depressed locale. These different paths may or may not represent fruition of their members' objectives.

A consequence of the previous theoretical approach which looked at co-operatives as more or less homogeneous was a certain unjustified determinism about their prospects. Critics on the left have argued that co-operatives cannot prosper without aping the work practices of capitalist firms. Beatrice and Sydney Webb, for example, whose criticism of co-operatives effectively marked the end of interest in them among left-wing intellectuals for 50 years, wrote:

> Democracies of Producers, as all experience shows ... have hitherto failed with almost complete uniformity whenever they have themselves sought to win and organize the instruments of production. In the relatively few instances in which such enterprises have not succumbed as business concerns, they have ceased to be democracies of Producers managing their own work, and have become, in effect, associations of capitalists.
>
> . . . .
>
> So long as the co-operative society ... constitutes only one among other forms of production and distribution ... the co-operative society has to maintain itself in continual rivalry with capitalist enterprise, against which it has perpetually to compete for raw materials, for the services of brain workers and skilled operatives, for customers and trade. Except insofar as it can effect a genuine improvement or economy in management, every step by which it departs from the competitive standard set by its capitalist rivals

---

1 The 1988 book by Cornforth et al. is the only work in this field fully informed by an understanding of co-operatives' variety.

> results in lowering the margin between cost and price. Any wide departure whether in the way of higher wages, shorter hours, more favourable conditions of employment, or failing to take advantage of the best terms of obtaining raw materials or of employing the most efficient processes, means failure to serve the customers on the same terms as the capitalist trader. Thus the co-operative society, if it is to continue to exist and make headway against capitalist enterprise, cannot go beyond the currently prevailing conditions of employment.[1]

Neoclassical economists, in particular Jaroslav Vanek in his General Theory of Labour-Managed Market Economies, have come to similarly deterministic conclusions by a different route. Believing that co-operatives must finance themselves largely from retained earnings, he concludes that there is an irreconcilable conflict between members' desire for high wages and the heavy investment needed to make the co-operative prosper. This conflict will cause the co-operative to underinvest, underemploy (to keep down claims for

---

[1] B. and S. Webb, Constitution for the Socialist Commonwealth of Great Britain (London, Longmans, 1921), pp. 29, 133. This gloomy conclusion contradicts the Webbs' eyewitness account of several co-operatives they visited in Leicester and Kettering: 'We were struck, on visiting several of these societies, and in talking to those intimately acquainted with their working, with the ease, amenity and sense of freedom that prevails among those who are fortunate enough to be employed in them. There is an absence of 'drive' and martinet discipline. The men and women, who are all on piecework rates, can talk and sing at their work; they may break off to have tea, or linger at meals; they have no difficulty in getting permission to absent themselves for any cause, or to engage in public work. There is great continuity of employment, because every endeavour is made to keep on all the workers. There is absolute security against dismissal through the caprice or tyranny of a foreman or manager. It is, indeed, a fixed policy that no worker shall ever be discharged, except for grave fault. The workplaces are healthy and well-ventilated, and manners and morals are well above the average. No wonder that workers are generally anxious to obtain admission, and that there is a long waiting list of applicants for employment! With regard to women workers, in particular, these societies, it is clear, offer many advantages. A competent observer at Leicester laid great stress on their superiority 'as places of employment for girls' .... they have a very low sickness rate. They are not kept working at such a high speed, and there is no such 'drive' and strain to urge them on'. B. and S. Webb, 'Co-operative production and profit sharing', New Statesman (Special Supplement, Feb. 1914).

wages) and thus underproduce.[1] This theory amounts to a general criticism that co-operatives are inherently less efficient than capitalist firms.[2]

Both the Webbs and Vanek are thus adherents of co-operative 'degeneration': the idea that co-operatives will decrease in effectiveness over time, more or less inevitably.[3] Degeneration from internal causes is discussed more fully in the next chapter; here we take up the Webbs' argument that external competitive pressures will force co-operatives to mimic capitalist firms or die. (Critics on the right might recast this argument to say that co-operatives are inherently weaker than traditional firms because of the time necessary to make group decisions and the diminution of expertise and management skills inherent in democratic control.) More sophisticated recent work recognises that different co-operatives face different kinds of competitive pressures depending on their particular market niche. Borrowing from labour process theory, Cornforth et al. observe that only the largest firms in a capitalist economy have any 'significant degree of control over investment and overall resource allocation'. Smaller, less powerful firms, including co-operatives, must fit into an economy-wide division of labour over which they have essentially no control. Some firms, such as subcontractors, are highly constrained by their customers' demands; some have greater independence because they serve a more differentiated market; and some 'by innovation or by restricted market loyalty have a

---

1 J. Vanek, General Theory of Labour-Managed Market Economies (Ithaca, New York: Cornell University Press, 1970); Self-Management: Economic Liberation of Man (Harmondsworth: Penguin, 1975), p. 453.

2 For a lengthier criticism of Vanek's approach, see Cornforth et al., pp. 42-5. In fact, empirical work demonstrates that co-operatives do not differ significantly from traditional firms in their sources of finance, which include loans from friends and family, bank loans, and members' savings. Co-operatives show no unusual propensity to underinvest; their real problem is not the particular source of finance but the lack of adequate finance of any type. Ibid.

3 Ibid., Chapter Six.

particular niche in which, despite their small size, they can exercise some localised market control and thus also enjoy some limited independence'.[1] Consequently, co-operatives (really all new firms) should gravitate towards specialised market niches where competition from existing firms is least. And indeed there is a notable concentration of co-operatives in fields with markets that are highly decentralised (printing, cleaning, catering, computer software) or ignored by mainstream firms (wholefoods).

Co-operatives may vary significantly in product line, mechanisms of ownership and control, member orientation, size and market niche, but they still share many common features and problems. As noted above, most British co-operatives are small and less than 10 years old. There are two main sources of the growth of this 'new wave' of co-operatives. The dominant one, termed 'alternativist' co-operatives, have emerged as a practical embodiment of various cultural movements of the 1970s. Their members combine dislike of hierarchy, a belief in 'Small is Beautiful' self-reliance and (in most cases) scant business training. Writing in 1981, the Mutual Aid Centre wrote that this group of co-operators

> play variations on themes provided by ecology, women's liberation, renewable energy supplies, a modest standard of life, vegetarianism, the reaction against bigness and against authority of any form which is not fully sanctioned by consent. Many also regard work itself in a new light .... Many want to be able to have flexible and random hours and to mix paid with unpaid work in changing combinations which suit them best as they go through the different stages of their lives.[2]

The other growth sector for co-operatives has been unemployed workers, often with skills in declining local demand such as engineering, who want to create jobs for themselves. This 'job creation' sector has been especially

---

1 Cornforth et al., p. 44, drawing heavily on J. Shutt and R. Whittington, 'Fragmentation strategies and the rise of small units: cases from the North West', 21 Regional Studies (1987), pp. 13-23.

2 Mutual Aid Centre, 'Overview', Prospects for Workers' Co-operatives in Europe (London, 1981), i. 14.

helped by the recent expansion of various local and regional bodies intended to support co-operatives.[1] About 90% of the stock of British co-operatives are 'new starts' of these two types, with the 'alternativist' co-operatives probably outnumbering the 'job creation' ones. Another three per cent are conversions of ongoing businesses (either 'philanthropic' conversions instigated by the previous owner such as Scott Bader, or partnerships and companies which convert themselves after a period of increasing democracy), and the remainder are 'rescues' of firms in extremis or 'phoenixes' which take the remnants of such firms post mortem to begin again.[2]

2.2 Main Principles of British Co-operatives

Another element which co-operatives have in common is adherence to certain broad principles in their structure and operation. Some of these principles are embodied in the laws which govern co-operatives; others are embodied in 'model rules' drafted by CSOs which then are adopted (often uncritically) by individual firms to govern their operations; and others are simply aspirations shared by most who work in democratic firms. These principles predate the 'new wave' co-operatives, and as discussed more fully below, not all seem calculated to promote the growth of co-operatives under current circumstances. They nevertheless represent an important benchmark of the current state of British co-operatives. As enunciated by the International Co-operative Alliance (ICA), the most important principles are as follows:

1. All workers are members; one member, one vote in firm management. This principle is intended to ensure worker control against

---

1 Because the sharp growth of 'job creation' co-operatives and CSOs occurred after field research for this thesis was completed, we rely on secondary sources in discussing them.

2 Ibid., pp. 28-30.

several possible lapses: giving outside investors control over firm operations and working conditions; allowing more senior or more influential members, or members with large investments in the firm, to have extra votes; or allowing members to hire non-member workers. It is the fundamental guarantee of continuing democratic control.

As we will see in the case studies, in practice most co-operatives seldom vote, preferring to reach decisions by consensus after formal and informal discussions. This is especially true for small co-operatives; there a single member's dissent often blocks action. Members with special expertise or assigned management responsibilities have influence beyond their single vote in any event. Nevertheless, the principle of equal formal say is a source of commitment and pride, and does not appear to complicate decisionmaking unduly.

2. Collective ownership and equitable distribution of profits (surplus). Collective versus individual ownership is a recurrent source of controversy among co-operators. Should shares in the co-operative be restricted to a nominal value, so that any worker wishing to join need only pay a small fee to purchase what is effectively a 'membership card' in the firm? This will ensure that control and distributions of any surplus do not become based on an equity investment but instead remain subject to majority votes by active workers. If workers are instead permitted to own 'real' shares representing an ownership interest in the firm, how can transfer rights be restricted to prevent outsiders from gaining a voice or control over the firm? If individual shares appreciate because the co-operative prospers, how can new workers (or the co-operative itself) afford to buy back the expensive shares of departing members? Should each member own the same number of shares, or should shareholdings be differentiated according to seniority, hours worked, 'management' responsibilities or other characteristics? The dominant model for British co-operatives has been collective

ownership: shares are a token of membership, owned by all active workers and surrendered upon departure. This derives from the bitter experience of many 19th century co-operatives, which opened ownership to outsiders to raise capital but eventually were taken over by them and disbanded.

Collective ownership has strong ideological appeal to co-operative activists. They mostly disdain the idea of using the co-operative to accumulate personal wealth through share appreciation, believing that members should find adequate compensation in the co-operative's conditions of work, democracy and equality.[1] The possible advantages of individual ownership have been largely overlooked. If share transfer is restricted to guarantee continued worker control and prevent a hasty 'cashing out' by several members simultaneously which could threaten the firm's reserves, individual shareholdings may encourage members to remain with the co-operative, provide a 'nest egg' upon retirement and a source of retained earnings for the co-operative to invest in the meantime. Some new techniques for individual ownership of co-operatives will be discussed elsewhere in this thesis.

3. Restricted return on capital invested in the firm. This principle has roots both in Christian socialism, which objected to excess profits and prized the communal virtues of working co-operatively, and in the difficult history of early British co-operatives. Restricting the profits available to insiders was a way of protecting the co-operative's ideological base against the temptations of individual gain; restricting the profits available to outsiders guaranteed that any investors were committed more to co-operation than to maximum return.

---

[1] If the co-operative does produce a profit, members can of course vote themselves higher wages.

One of the mechanisms used by the Industrial and Provident Societies Act (IPSA),[1] under which many co-operatives are legally organised, to deter outside investors from taking serious interest in co-operatives is to limit the return on both debt and share capital to a 'rate not to exceed [that] necessary to obtain and retain the capital required to carry out the objects of the society'.[2] In general, the rate of return permitted has been low, although the Registrar of Friendly Societies usually sanctions whatever rate of return is necessary to borrow funds. The Model Rules of the national Co-operative Development Agency (CDA) limit the rate of return payable on members' shares to five per cent annually, and on loans from outsiders to 6½% or one per cent above the bank base lending rate, whichever is higher.[3] These requirements have purchased enduring democratic control by sacrificing high returns for both insiders and outsiders, as well as the more generous investment which such returns might attract. Co-operatives could protect worker control without restricting returns by gearing investment vehicles to those who seek steady long-term returns and will not interfere if the returns continue as promised. Another mechanism might be use of preference shares paying high dividends but carrying few or no control rights, or various 'hybrid' securities. Improved techniques for co-operative finance are taken up later in this chapter.

4. Commitment to social and educational aims. Early co-operatives

---

1 Passed originally in 1852, IPSA was significantly amended in 1865, 1965 and 1986.

2 Registrar of Friendly Societies, 'Registration of Societies (Regulations)', Form 617. IPSA also requires that co-operatives registered under it not 'carry on business with the object of making profits mainly for the payment of interest, dividends or bonuses on money invested with or lent to the society or any other person'. Ibid.

3 Under the CDA Model Rules, the co-operative is permitted to pay a market rate of interest on loans from a local authority, building society or a single bank. CDA, 'Model Rules' (1982).

sought to educate workers and patrons in the philosophy and practices of co-operation and believed that over time co-operatives would spread throughout society. In schools for children, institutes for working people, periodicals and public campaigns, 19th century advocates of co-operation promoted their vision of a network of community-based producer and consumer co-operatives ameliorating the harsh conditions of working class life. Although activists still believe that co-operatives represent an important social and economic reform, they do not expect a quick triumph. Thus rather than aim their message to a wide political audience, the educational groups which remain active in the co-operative movement mostly give practical help to groups already working in co-operatives or about to start.[1] So few people have any experience of democracy at work that many skills necessary to make it work effectively -- running meetings, resolving conflicts productively, avoiding pathologies which can beset small group behaviour -- must be taught to give new co-operatives a fair chance of survival. Many 19th century co-operatives foundered, among other reasons, because workers 'were not carefully selected and there was no training in co-operative principles'.[2] In the past decade CSOs have taken up some of this educational work, but much -- in the way of courses, consultancy services, exchange programmes and conferences -- remains to be done to reach all the co-operatives which could profit from it.

Social goals beyond making maximum profit have characterised co-operatives historically and today. Lasserre said of co-operatives in the Victorian era:

---

[1] For example: the Society for Co-operative Studies, the Plunkett Foundation for Co-operative Studies, and Beechwood College of the Co-operative Union.

[2] Cornforth et al., p. 13.

> Co-operation was born in the same social environment, in the same era, in the same proletarian wretchedness, out of the same oppression and driven by the same spirit as trade unionism and socialism. It expresses the same profound aspirations and the same conception of life.[1]

The excesses of early industrialism were many. Employment was dangerous and uncertain; there were no national health or social services or state schools; workers could not vote and had no national party representation. Co-operatives were a self-made vehicle for economic advancement and social security. As consumers, workers used the buying leverage of retail co-operatives to obtain goods at lower prices. Some retail co-operatives also offered rudimentary education. As producers, workers laboured in co-operatives for themselves under more humane conditions. In the longer run, co-operatives offered the prospect of fundamentally changing the existing economic order without violent revolution. Co-operation was the only broad social movement with such benign goals in the 19th and early 20th centuries.[2]

Alternativist new wave co-operatives have adapted this tradition of social concern to the different economic, social and legal environment of the late 20th century. Instead of basic social and economic security, alternativist co-operatives pursue modern reforms: healthy eating and more 'natural' living by wholefood co-operatives; feminism and Marxism by co-operative bookstores; abortion rights by co-operative women's health clinics; a cleaner environment by co-operatives which promote recycling, solar power or bicycles. As we will see in the case studies, these broader social objectives

---

[1] G. Lasserre, 'Co-operative enterprises' (Manchester: Co-operative Union, 1959), p. 6.

[2] G.D.H. Cole, A Century of Co-operation (Manchester, Co-operative Union, 1944), p. 371; see also G.D.H. Cole, Self-Government in Industry (Freeport, New York, Books for Libraries Press, 1971, original publication, 1918).

can sometimes inspire added commitment to the co-operative and sometimes interfere with its sound operation.

5. Co-operation among co-operatives. Tiny islands in a capitalist sea, co-operatives have long recognised the value of relying on each other for capital, custom, advice in organisation and operation, personnel trained in democratic techniques, and moral support. In the 19th century, co-operatives allied with each other and trade unions, and sought to ally with retail co-operatives, which were much stronger and more prosperous. Consumer co-operatives invested in worker co-operatives, in fields including textiles, shipbuilding, engineering and coal mining, but many of these firms were controlled by outsiders and were poorly managed. 'Others were established too hastily in highly risky businesses', and the severe economic contraction of the late 1870s caused heavy losses.[1] In addition, while retail co-operatives were not actively hostile to existing worker co-operatives, the two groups had the conflicting interests of any buyer and seller. The Co-operative Wholesale Society (CWS), the most powerful of the consumer co-operative groups, came to oppose investing in new producer co-operatives, blocking in its own factories not only worker control but even any form of profit-sharing.[2] G.D.H. Cole argues that the consumer co-operatives' abandonment of their worker counterparts in this period was decisive, guaranteeing that workers would lack access to capital which was largely unavailable from traditional sources.[3] Realising that their interests diverged, worker co-operatives split off from the Co-operative Union (CU), voice of consumer co-operatives, in 1882 to form the Co-operative

---

1 Cornforth et al., p. 15; Thornley, Jobs and Dreams, p. 22. See also Bonner, British Co-operation.

2 Cornforth et al., p. 15.

3 Cole, op. cit.

Productive Federation (CPF). The CPF promoted its own model rules and encouraged new worker co-operatives; by 1893 there were 113 worker co-operatives, primarily in the printing, textile and footwear industries where capital requirements were low and a few friendly retail societies provided access to customers.[1] The CPF's membership and influence declined, however, and so did worker co-operatives, reaching a low point of perhaps 40 in 1968.

From the First World War until the 1970s when new wave co-operatives began to develop a critical mass, consumer co-operatives dominated the British co-operative movement through the CU and other structures originally intended to aid both consumer and worker co-operatives. Consumer co-operatives' support for worker co-operatives continued to be tentative. For example, in 1974 testimony about the government's proposed Co-operative Development Agency (CDA), the CU, still the reigning mouthpiece of consumer co-operation, offered scant hope that co-operatives in manufacturing and services would prosper.[2] Such pessimism may have been a self-fulfilling prophecy. The record of worker co-operatives during this period, says Oakeshott, was

> an undramatic picture of modest commercial success and of a fluctuating but respectable degree of workers' control and ownership.
> ....
> While 20 per cent of the total producer co-ops of 1914 were still in business sixty years later, the other 80 per cent had fallen by the wayside.
> ....

---

1 D. Jones, 'British economic thought on associations of labourers 1848-1974', Annals of Public and Co-operative Economy 1 (1976), p. 36.

2 Reported by R. Fletcher, 'Workers' co-operation', Annals of Public and Co-operative Economy 47 (April-June 1976), p. 43. In spite of this testimony the government decided to fund the CDA, a national agency to support and encourage the development of manufacturing and service co-operatives. This coincided with, and no doubt helped to spark, the growth spurt in 'new wave' worker co-operatives, whose successes have caused a redirection of interest away from the previously dominant consumer societies.

> Their experience really tells us nothing about what might happen. .... As the environment has been so generally hostile -- and because [co-operatives] have made no sort of commitment to the goals of growth -- the undramatic character of their commercial results is not surprising.[1]

The recent growth spurt in worker co-operatives has both spurred and been encouraged by a network of new and revived organisations to encourage co-operation among co-operatives. Among these CSOs are the Industrial Common Ownership Movement (ICOM), founded by Ernest Bader to promote his conception of collectively owned co-operatives in the mold of Scott Bader; the Co-operative Research Unit (CRU) of the Open University; the national CDA; and especially a growing body of local and regional and local CSOs. By the end of 1986 there were more than 100 local co-operative development agencies, 80 of which had obtained money to employ an average of three full-time development workers. 'The majority of funding for CSOs has come from Labour-controlled councils or from central government grants aimed at rejuvenating urban areas which also require local government support'.[2] There is an annual Co-ops Fair and various newsletters, as well as a few management consultants with experience in co-operatives. In addition, most co-operatives try to help each other with orders and advice if possible, although the co-operative sector will have to grow much larger before that is routinely possible. This new network for encouraging co-operation among co-operatives is very recent; none of the firms researched for this thesis received any material help from CSOs or other co-operatives during their formative years in the mid-1970s and early 1980s.

---

1 R. Oakeshott, The Case for Workers' Co-ops (London, Routledge & Kegan Paul, 1978), pp. 72-73.

2 Cornforth et al., p. 19.

2.3 Economic Performance of Co-operatives versus Traditional Firms

In addition to these principles, British co-operatives in general share another important characteristic: overall economic performance roughly equal to that of traditional firms. Cornforth et al. have recently completed the first comprehensive analysis of British co-operatives' economic performance. Contrary to the rhapsodic praise for co-operatives as businesses often enunciated by the co-operative movement (said to derive from the high productivity sparked by democratic organisation), and the criticism levelled by those who consider hierarchical firms inherently more efficient, co-operatives appear to survive as long and be as profitable as comparable small businesses. Despite the difficulties of determining the survival rates of both traditional companies and co-operatives, it is estimated that nine to 12% of the stock of traditional businesses stop trading each year, virtually the same percentage as for co-operatives between 1980 and 1986. Forty-two per cent of co-operatives which started between 1975 and 1981 had ceased trading by the end of their fifth year, compared to 54% of traditional companies which had registered for VAT 1974-79. Like small businesses, the peak vulnerability for co-operatives is within the first three years. Interestingly in light of the Benn co-operatives, 'rescues' appear to survive better than other co-operatives, apparently because they have trained personnel, a marketing network and equipment from the old business. Because most co-operatives have so far remained quite small, even those which survive more than six years generate very few new jobs.[1]

Survival rates are of course only one measure of economic performance. In their detailed financial analysis of co-operatives in three important sectors for post-1970 co-operatives, clothing, printing and

---

[1] Ibid., pp. 30-9.

wholefoods, Cornforth et al. found considerable variety among sectors and among firms in each sector.[1] In terms of labour productivity and wages, clothing and footwear co-operatives 'perform reasonably well'; however, printing co-operatives and new clothing co-operatives performed poorly. For the new clothing co-operatives this was due to severe undercapitalisation, which meant workers had to invest considerable 'sweat equity' (i.e. long hours) to generate output. While some printing co-operatives considerably outperformed the industry in wages and productivity, others -- kept alive by their members for political reasons, e.g. to provide community and radical groups with an outlet -- lowered the average to subpar. The wholefood co-operatives 'generally perform well in relation to the low wages in retailing and the distributive trades generally .... Several not only pay good wages and show increases in productivity but have grown substantially in terms of numbers employed'.[2] In no sector was the co-operative form incompatible with business success. In some cases, firms with alternativist roots were able to continue trading despite commercial marginality because of the 'commitment that comes from their political beliefs and the solidarity that is created through collective working and surviving hardship together'.[3]

---

1 The case studies for this thesis also include detailed financial analyses of firm performance, but the benchmark used was not other co-operatives in the same sector (of which there are few or none in each case) but comparable traditional firms.

2 Ibid., p. 65.

3 Ibid., p. 76. Thornley described some of these alternativist co-operatives as 'tiny, weak, unbusinesslike and middle class .... sweatshops'; Rothschild-Whitt argues that economic marginality and poor conditions paradoxically promote member commitment: 'Alternative organisations pay less because they have less money to spend. On a more subtle level, however, the practice ensures that their staff will continue to be made up of people whose dedication is to movement goals, not to protecting their jobs. Lean salaries assure the organization that its workers are committed'. Thornley, op. cit., p. 173; J. Rothschild-Whitt, 'Problems of democracy', Working Papers for a New Society 4 (Fall 1976), p. 41.

2.4 Main External Constraints on Co-operatives

If co-operatives are roughly comparable to small firms in economic performance and in addition provide satisfactions to their members which are not often found in traditional firms, why are they not more numerous? For despite the recent explosion of interest in co-operatives, they are still a tiny phenomenon in the British economy. Chapter Three examines some of the internal strengths and weaknesses which flow from choosing the co-operative form. The remainder of this chapter examines the external environment facing co-operatives -- legal rules governing their operation, the institutions to which they can turn for access to finance and practical advice, other constraints inherited from the history of co-operative development -- to identify which are the biggest inhibitions on the expansion of the co-operative sector.[1]

2.4.1 Legal Framework

Co-operatives are notable for the variety of legal forms they may take and, within those forms, the variety of rules under which they may operate. Co-operatives may be limited or general partnerships, private or public companies limited by share or guarantee, or IPSA 'friendly societies'.[2] Nevertheless, the main statutory instrument written with worker co-operatives in mind is IPSA, which has exerted a strong influence on their development. This influence has been basically positive. Simply having a

---

1 This examination will leave aside the external pressures of competition which are inherent in a market economy, which were discussed above in terms of labour process theory.

2 One of the co-operatives studied for this thesis began as a partnership and converted to an IPSA co-operative; another continues as a formal charity after converting internally to a co-operative; and the third began as an IPSA co-operative using ICOM model rules.

statute aimed primarily at co-operatives provides them with legal recognition, some publicity and an easily grasped structure. IPSA is agreeably vague in defining a co-operative, leaving room for experiment. However, IPSA does enshrine certain values in the structure it permits for co-operatives. As such, co-operatives registered under it have not been as free as companies to experiment with innovations in finance and organisation, and outside investment has been more difficult to obtain. Furthermore, the model rules which most co-operatives use to register under IPSA, which they obtain from various CSOs, reflect very distinct sets of values, ones which sometimes shackle the co-operative to financial and organisational arrangements ill-suited to its needs. This is a handicap especially in comparison to companies, which have more numerous and diverse models to emulate and more internal flexibility in any event.

An IPSA co-operative may be formed to carry out any business or trade if it satisfies the Registrar of Friendly Societies either that it is a bona fide co-operative for the benefit of its members, or that its business (even if the society is not organised as a co-operative) is conducted for the benefit of the community.[1] On their face these vague requirements are not capable of freezing co-operatives into a single mould. Nevertheless, every society seeking registration under IPSA must submit a copy of the society's rules to the Registrar of Friendly Societies for approval. These rules must treat subjects such as the maximum amount of shareholding permitted any member, the appointment of a management committee, the methods of withdrawing from membership, and other core subjects of organisation.[2] Since to approve an application the Registrar must agree that an IPSA society benefits its members or the community, a certain amount of

---

1 IPSA 1965 § 1(1)(b), Schedule 1.

2 **Registrar of Friendly Societies,** 'Form A' issued under IPSA 1965.

ideological vetting is inevitable. The regulations issued by the Registrar pursuant to IPSA for guidance of would-be applicants say that to qualify as a co-operative, a society will normally have to meet several conditions: one, the benefit obtained by members will mainly stem from their participation in the business (rather than their investment in it); two, the society's rules vest control over its affairs on the basis of one person, one vote rather than members' financial interest; three, interest payable on debt and equity will not exceed the rate necessary to obtain and retain the capital required to carry out the objects of the society; four, distribution of profits among the members will be in relation to the amount of their work for the society; five, there should be no artificial restrictions on membership aimed at increasing the value of existing members' interests.[1]

It is clear that IPSA and the rules pursuant to it make it difficult for co-operatives to hold out the prospect of heady returns to investors. Restricting the rate of return payable to investors and lenders to what is 'necessary to obtain and retain ... capital'[2] ensures a fairly modest return. Members may take out any co-operative profits in the form of higher wages, but the initial difficulty is still in amassing the capital necessary to make the business successful. Since the maximum shareholding permitted any one member under IPSA is £10,000,[3] share ownership cannot provide a large source of working capital unless the co-operative has many members. At the same time, loans from both insiders and outsiders are restricted to a modest return. The pool of potential investors is thus almost inherently limited to the members themselves or to those who endorse co-operatives for social and

---

1 IPSA 1965, 'Registration of Societies [Regulations], Form 617, ¶ 2 (a-e).

2 IPSA 1965 ¶ 1(3).

3 IPSA 1965 ¶ 6(1).

political reasons, rather than the much larger group of people who seek high returns on their money consistent with the risk involved.

Besides the restrictions on rate of return and share ownership, and the rule that co-operatives must submit audited accounts to the Registrar annually, the IPSA rules are flexible. The minimum number of members for an IPSA society to register and maintain registration is seven, although some co-operatives with fewer active members use relatives and friends to meet the requirement.[1] The IPSA Acts are silent as to how the co-operative should be managed, except to say that a committee of members must be appointed on the basis of one vote per member and that meetings of the whole membership be periodically held. Members are required to have access to annual returns and the latest balance sheet. Upon liquidation, assets may be distributed as the members set forth in an instrument of dissolution.

IPSA reflects the struggles of the period in which it became law. Its proponents sought to inhibit personal greed, reinforce communal solidarity among members and protect co-operatives from what Cornforth et al. call 'formal degeneration', that is takeovers by outside capitalist investors. The model rules used most frequently by IPSA co-operatives are those of ICOM, which reflect similar values despite being drafted in the 1960s by Ernest Bader, the 'donor' of the Scott Bader co-operative to its workers. Other organisations sponsor model rules: the national CDA, for example, publishes model rules based on those of the disbanded CPF which permit members to hold shares individually, earn dividends on them in proportion to each member's investment and/or work in the firm, cash them in for full value even if highly appreciated and to hire non-member workers. Outsiders approved by the members' management committee may own shares, and the members may formally delegate substantial powers to a manager who must

---

1 'Legal Frameworks', Alternative London (6th ed. 1982), p. 222.

report periodically to the membership.[1] Nevertheless, ICOM has won the 'public relations' war. Its model rules have become so widely known that many books, pamphlets and other sources of information for would-be co-operators mention only ICOM as a source of help and model rules.[2] Many new co-operatives accept them uncritically, unaware that they embody a distinct set of principles which may not suit particular lines of business or members' goals.

ICOM model rules deliberately exalt permanent worker control over the rights to accrued profits normally associated with share ownership. Each working member is entitled to one share of nominal value which is neither withdrawable nor transferable and carries 'no right to interest dividend nor bonus'.[3] Buying a share in an ICOM co-operative in essence equals renting the right to work there. The exercise of corporate control through voting thus becomes a personal right linked to working in the firm just as voting for political representatives is linked to residence in a community, rather than a property right which may be freely sold to any purchaser. The assets of the firm are owned collectively, not through individual shareholdings. Formal degeneration is effectively blocked. There is no way the members can sell their interest to outsiders save disbanding the co-operative, distributing the assets to themselves and starting again.[4]

---

1 CDA Model Rules (1982). For a discussion of how CPF rules have fared in practice (12 CPF co-operatives were still operating in 1977, several more than 100 years old, with total sales of £9.8m and 1,666 employees), see P. Derrick, 'The Co-operative Productive Federation', In the Making 7 (1980).

2 T. Naughton, op. cit., pp. 3-15; 'Legal Frameworks', op. cit., p. 222.

3 ICOM Model Rules ¶5.

4 ICOM Model Rules. ICOM also promotes a set of Model Rules for use in registering under the Companies Act rather than IPSA. Such companies are limited by guarantee, have no share capital, and are identical in philosophy and organisation to ICOM IPSA co-operatives. ICOM, 'Memorandum of Association and Articles of Association for a Company Limited by Guarantee and Not Having Share Capital' (1980).

Retained earnings and loans from members or outsiders are thus the only sources of finance for an ICOM co-operative. At the beginning of the co-operative's existence, before there are earnings to retain, this means loans. As Derrick notes, '[a] very high proportion of loan capital may have an adverse effect upon borrowing capacity and trade credit'.[1] As mentioned above, there may be benefits both to the co-operative and individual members in allowing members to realise any rise in the co-operative's value through shares whose transferability is limited; the member would be encouraged to remain with the co-operative to gain the shares' full value, and in the meantime the co-operative would benefit from the retained investment. The danger of not providing members with any long-term equity stake is that unless they are sure of staying with the co-operative for a very long time, their personal economic incentive will favour wages over investment. While many co-operators have no trouble foregoing consumption to strengthen their firm (see, for example, Chapter Seven's case study on Measurement Ltd), it would seem sensible to create vehicles for co-operative ownership and control which would align members' financial self-interest with the long-term interest of the co-operative. Some new ideas for organisational reforms are discussed below, in the section on co-operative finance.

If co-operatives are to play a larger role in the British economy, their appeal will have to be widened from a small group of alternativists and unemployed workers to the 'mainstream' of British workers. Existing co-operative rules have prized democratic purity over mass appeal. This is understandable in light of the democratic degeneration which has been a powerful theme in the history of British co-operatives. But it may be possible to preserve the essential elements of worker control while still

---

[1] Derrick, op. cit. , p. 68.

broadening co-operatives' audience. New vehicles of external shareholding and other equity participation, preference shares, mild deviations from 'one person one vote' which might favour seniority, rank or amount of personal investment could allow co-operatives to attract interest and finance from a wider audience without sacrificing the essentials of democratic control. Just as capitalist firms have tried to promote worker satisfaction and long-term employment by adapting quasi-democratic notions (e.g. profit-sharing, quality control circles, stock option plans) which do not threaten core management prerogatives, co-operatives could profit from experimenting with organisational forms that will boost their appeal without undercutting core values of worker control. Thus the opposition of some activists to the use of co-operatives in the context of privatisation, or to co-operatives which permit external shareholding,[1] is understandable but probably shortsighted.

2.4.2 Lack of Finance

The previous section discussed, in part, the effects of legal structure on co-operatives' ability to generate capital both from external investors and internally generated earnings. Because of the serious constraints imposed on many co-operatives by inadequate finance, more detailed attention to this subject is warranted. Serious shortcomings in both external and internal fundraising mechanisms continue to stunt co-operatives' growth and reproduction.

A. External Sources

Co-operatives have few places to go for finance. The co-operative movement has not generated enough capital of its own to start a special-purpose bank which could lend to other co-operatives. Traditional

---

[1] Cornforth et al., p. 20.

banks prefer large firms to small, established firms to new, and 'normal' firms to co-operatives. In 1978 the Labour government supported a Private Member's bill which established a government-sponsored fund to finance promising co-operatives. Industrial Common Ownership Finance (ICOF), while valuable, is obviously not intended to be a comprehensive source of operating funds for British co-operatives generally. It offers loans at rates slightly below market, as well as access to technical expertise. However, as David Wright observes, 'the resources provided [through ICOF] are very small. They are so small as to be practically insignificant, and merely indicate a statement of principle'.[1] In addition, because ICOF is closely linked to ICOM it may be biased against co-operatives which operate by different model rules.

As noted above, the rift between worker co-operatives and their richer cousins in the consumer co-operative movement which arose in the 19th century has still not been mended. Having lost money through investments in worker co-operatives, and bolstered by the views of the Webbs and other intellectuals who considered consumer co-operatives a force for the common good and worker co-operatives a flawed device for promoting members' profit only, consumer societies left worker co-operatives to struggle on their own. Thus worker co-operatives have been unable to tap the considerable resources of the Co-operative Bank, which as the banking arm of the Co-operative Wholesale Society established a large network of branches throughout the country and had considerable assets in the form of large accounts from trade unions and local authority councils and a host of

---

[1] D. Wright, Co-operatives and Community (London: Bedford Square Press of the National Council of Social Service, 1979), p. 20.

small accounts.[1] While in 1978 the Co-operative Bank responded to the groundswell of new wave co-operatives by announcing itself willing to 'match pound for pound the investment of [co-operative] members' in their own firms,[2] nothing pronounced resulted, perhaps because of the bank's own problems in a time of retrenchment for the CWS.

Other potential allies of worker co-operatives have also turned their backs. Trade unions, for example, while drawing their impetus from the same economic oppression as co-operatives, have had sharply different priorities. The strongest of the early engineering unions, the Journeymen Steam Engine and Machine Makers' Friendly Society, debated on many occasions proposals for investing their funds in worker co-operatives as a salve to their members who were out of work, but the policy-making delegate conventions invariably rejected this idea.[3] Traditional trade union tactics called for fighting employers on the shop floor and picket line, not competing with them in business. As Richard Hyman has pointed out, unions have been predominantly concerned with the problems of large-scale industry, and questions about co-operatives in this context have seemed irrelevant.[4]

Later events occasionally turned the attention of unions to the possible role of co-operatives in industrial organisation, for example the Shop

---

1 'The Co-operative Bank', promotional literature (1984); 'History of the Co-operative Bank', promotional literature (1983); Mutual Aid Centre, op. cit., (vol. II, UK20); R.A. Street, 'The Co-operative Bank's experience in advising and financing workers co-operatives' (Oxford, Plunkett Foundation Seventh Co-operative Seminar, 1-2 April 1982), p. 105.

2 T. Graham, 'Consumer co-ops, party, trade unions -- united we stand?' (Loughborough, The Society for Co-operative Studies, Aug. 1984), bulletin 51, p. 41.

3 D. Watkins, Industrial Common Ownership (London, Fabian Society, 1978), Tract 455, p. 6.

4 R. Hyman, 'Producer co-operatives and the British labour movement: an historical perspective' (Gilleje, Denmark, Conference on Industrial Democracy, June 1981).

Steward Movement and the advance of Guild Socialism. But these events had no lasting effect. As Hyman explains:

> It is indeed true that powerful arguments for co-operative production were articulated in the initial phase of British capitalism. But by the time of the emergence of a mass labour movement, such arguments had lost their force. Either they were ignored or dismissed -- often for conflicting reasons -- by Fabians, by trade unionists, and by revolutionaries. Or else their fate was to be subsumed and diluted within amorphous conceptions of participation, co-partnership and profit-sharing.[1]

During the economic decline of the interwar years, the impetus for worker control was

> reduced to such token formulae as worker representation on the boards of future nationalised industries; and even such halfhearted proposals were too radical for the mainstream of the labour movement....
> ....
> It is a reflection of the unions' overriding pragmatism that they were for the most part concerned with the issue of co-operative production only under the impact of specific problems such as strikes or unemployment.[2]

Unions also distrusted co-operatives because some Conservatives had come to espouse them (though withholding any tangible support) as encouraging 'worker capitalism'.[3] The Webbs acidly observed:

> Co-operative Production and its child, Co-partnership, were taken up by the most reactionary persons and parties in the State. Great peers and Conservative statesmen were always blessing 'Co-operative Production', and always trying to stimulate the workers to undertake business on their own account.[4]

In the interwar years a significant percentage of the male working class belonged to a trade union.[5] Many feared, not necessarily without reason, that 'co-operatives, honestly established in competitive trades,

---

1 Ibid., p. 1.

2 Ibid., p. 12.

3 Thornley, op. cit., p. 12.

4 Hyman, op. cit., p. 13 (quoting S. and B. Webb).

5 Thornley, op. cit., p. 27.

[would] encourag[e] self-exploitation and undermin[e] trade union conditions'[1] and perhaps prompt other employers to do the same. Others 'denounced their individualism' as being 'divisive of the working class',[2] an appeal to communitarian values echoed in current debates over individual versus collective ownership of co-operatives. Thus from the turn of the century to 1958, 'there was only one short period, between 1920 and 1921 [the establishment of the National Building Guild], when the idea of workers' co-operatives rekindled the imagination of the labour movement'.[3] The dislike of the labour movement for co-operatives was reinforced by the powerful example of the central control of industry in the Soviet Union. As Hyman outlines:

> For those committed to workers' control, concern typically shifted from the struggle in workplace and union to the formation of Soviets and the conquest of state power. The interest in self-management, for those attracted to the emergent Communist movement, was soon to be discarded as an 'infantile disorder'.[4]

While trade unions' interest after the Second World War in nationalising major industries through parliamentary majorities was hardly Bolshevism, it reflected an overarching focus on centralised solutions to industrial and social problems which did not coexist easily with the notion of many small, locally-based firms run by their workers.

Unions today formally endorse the notion of worker co-operatives. For example, the Transport and General Workers Union's constitution, Rules 2.2(a) and (g), commits the union to 'endeavour by all means in their power

---

[1] Hyman, op. cit., p. 13.

[2] Thornley, op. cit., p. 11.

[3] Ibid., p. 28. The National Building Guild aimed to construct, on a non-profit, democratic basis, better housing than the private sector was producing. When government subsidies were removed the co-operatives fell apart, as did the whole Guild Socialist Movement the following year.

[4] Hyman, op. cit., p. 18.

to control the industries in which their members are engaged...' and 'to the extension of co-operative production and distribution'. The Engineering Workers' constitution, Rule 1, mandates the 'extension of co-operative production to assist in [altering] the competitive system of society for a co-operative system'. Similarly, the Labour Party has committed itself to 'common ownership' through its controversial Clause Four, which read closely seems to support co-operatives as much as nationalisation. It seeks to

> secure for workers by hand and by brain the full fruits of their industry and the most equitable distribution thereof that may be possible upon a basis of the common ownership of the means of production, distribution and exchange and the best obtainable system of popular administration and control.

The absence of tangible help and finance for co-operatives from unions has rendered these formal endorsements largely academic.

Nor has the government seen fit to create strong financing institutions for co-operatives. The diffidence of Fabians and unions about co-operatives helps explain why Labour governments in the 1970s did not do more than create the CDA and a weakly financed ICOF. The Labour Party now endorses a Co-operative Investment Bank with government funding, but its immediate prospects are nil. Conservatives continue to support co-operatives as a vehicle for broadening private ownership and 'worker capitalism', but in keeping with free market philosophy are hostile to any special subsidies, government-funded banks or other props.[1] Government support for co-operatives now comes mostly through the 'back door' of

---

[1] Sir Keith Joseph's sentiments on 'rescue' co-operatives reflect a wider distrust of government intervention: 'What ... reason can there be for taking for granted, as most government rescue operations do, that problems -- economic and attitudinal -- which have defeated owners, managers and others with experience, detailed knowledge and interests at stake can be solved by the incursion of outsiders -- however patriotic, well-intentioned and devoted -- who have neither the specialised knowledge, the experience nor the personal stake, ... if their advice turns out to be wrong'? F. Broadway, Upper Clyde Shipbuilders: A Study of Government Intervention in Industry (London, Centre for Policy Studies, 1976), p. viii (quoting Sir K. Joseph).

programmes aimed at helping the worst problems of unemployment. Grants from local authorities have gone to local CDAs and other CSOs; under the Inner Urban Areas Act, co-operatives starting in certain cities can receive a £1,000 grant. Nevertheless, Britain's institutions for financing co-operatives and its government programmes for supporting them are among the weakest in Europe. Since 1888 the French government has purchased products from co-operatives as a matter of policy;[1] in Italy legislation assists a strong worker co-operative sector. As Paul Chaplin observes:

> The resurgence of interest in co-operatives is occurring everywhere in Europe, but the British movement is weaker than almost anywhere else in the continent. France has twice the number of co-operatives ... six times the number of workers and much stronger central organisation and [a] co-operative bank. In Italy ... there are thousands of co-operatives belonging to three federations .... The federations put together consortia of co-operatives jointly to tender for large contracts. They also play a major part themselves in starting rather than merely registering new co-operatives which sometimes number as many as a hundred per month.[2]

Another obvious solution for co-operatives' financial woes is a specialised bank, but none has succeeded. As noted above, the Co-operative Bank has avoided helping worker co-operatives. ICOF sought permission to take deposits in the mid-1980s, which would have allowed a sharp expansion of its capital base and the possibility of becoming a serious help to many co-operatives, but banking authorities rejected its application.[3] If co-operatives continue to grow in numbers and prosperity, they might be able to form an investment pool to help other co-operatives (and themselves, assuming their investments succeed), but that is still far off.

---

1 J. Thornley, 'Workers' co-operatives in France', CES Occasional Paper 6 (Dec. 1978).

2 P. Chaplin, 'Co-operatives in Contemporary Britain', Perspectives on a Decade of Small Business Research: Bolton Ten Years On, J. Stanworth, A. Westrip, D. Watkins, and J. Lewis, eds. (London, Gower, 1982), p. 97.

3 Cornforth et al., p. 218.

B. Internal Finance

Absent strong central institutions for providing finance and assistance to co-operatives, and the unlikelihood of creating any through the Conservative government, activists and scholars seeking to channel more money into co-operatives have focused on attracting more money to co-operatives through market mechanisms and new financial vehicles.[1] A crucial market for co-operatives to tap more effectively is co-operators themselves. Internal finance, in the form of members' savings and retained earnings, is an important part of the capital of small co-operatives (and small companies), and various techniques for making internal finance easier and more attractive have been advanced. Ellerman strongly supports the 'internal capital account', which has been used successfully in the Mondragon co-operatives in Spain (discussed below) and elsewhere. As in ICOM co-operatives, the Mondragon co-operatives prohibit non-members from owning shares, voting, or being hired as workers. Members elect their boards of directors on a one person, one vote basis. After a probationary period new members are required to purchase ownership shares worth in excess of £5,000, with provisions for those who cannot pay their full contribution immediately to spread payments out over four years through a loan from

---

[1] Other sources of finance used by traditional companies might be available to enterprising co-operatives. Factors, for example, purchase accounts receivable (minus a flat commission charge) for cash, rather than lending money as banks do against receivables as collateral. Some factors offer management and financial counsel. Others will finance inventories and payrolls to provide working capital. Insurance companies and pension funds might also invest in larger co-operatives with established records. There is a thriving insurance co-operative, Group Plans Marketing Ltd, which serves as the trading arm of the Oxford Life Assurance Co Ltd, also a co-operative, and of the Consumer United Group (UK) Ltd. Like other insurance companies, which seek conservative investments, they provide long-term credit, secured by the borrower's land or fixed assets. Co-operatives can conserve on the need for capital by purchasing on consignment, leasing and using customer prepayment schemes or retainer fees.

their co-operative.[1] The internal capital accounts are entirely separate from share ownership. They give members a claim on retained earnings, not on the growth in market value of the co-operative as an entity. The firm contributes to each individual's capital account every year on the basis of seniority, hours worked and pay rate (although other formulas could also be used). The monies placed there (on which the co-operative pays interest) remain available to the co-operative for reinvestment until the member retires, with significant penalties for early withdrawal. The system encourages member loyalty, permits significant self-financing and prevents 'the dilution of capital which occurs when new memberships are created at artificially low prices'.[2] The main drawback is that members lose a great deal if the co-operative fails.

This system of internal capital accounts appears to provide a potent source of finance, combining the advantages of the ICOM rules in protecting against 'formal' democratic degeneration and ensuring easy access for new members, and the advantages of the CDA rules in giving members a financial stake in the firm. The best way of promoting this approach would seem to be a new set of model rules and a new statute conferring tax advantages and other incentives on co-operatives which employ internal capital accounts. (For a home-grown variation on internal capital accounts, see Chapter Seven.)

There has been considerable recent work in devising other new techniques for attracting capital to worker co-operatives. One suggestion is a variation on the internal capital account, a preference share for members which would not carry voting rights but would pay a variable rate of interest dependent upon the co-operative's performance and could be resold only to

---

1 Ellerman, op. cit., p. 29.

2 Ibid.

the firm. IPSA co-operatives are not permitted to issue such shares, but the national CDA and the Scottish Co-operative Development Committee have 'established a model for a co-operative limited by shares under the Companies Act which enables preference shares to be issued to members or outside investors'.[1] Another reform, enacted into law in 1986, permits an employee trust to purchase shares in the co-operative; these may be transferred to the trust's beneficiaries, the co-operative's employees, after five years. The shares can then be redeemed tax-free when members depart.

The national CDA has also devised a method for creating some degree of worker control in a traditional company which permits unlimited external shareholding. The workers purchase shares and pool them under the control of a one person, one vote co-operative which aims to increase the workers' holdings and represent their interests. Over time, the co-operative may be able to gain majority or greater control over the company, although there is no guarantee of this. Tax relief on workers' income used to purchase such shares, on income realised from their sale, or on a corporation's contributions to the shareholding co-operative could breathe life into this form.[2] Munro has suggested an interesting scheme which would require legislation. He proposes that co-operatives be empowered to issue a new kind of hybrid equity between shares and debt; these instruments would not carry voting rights, would be redeemable at the co-operative's discretion, and be entitled to appreciate and/or pay dividends within prescribed limits.[3]

---

[1] Cornforth et al., p. 214.

[2] Ibid., p. 215. Since the control exercised by most shareholders of public companies is minimal -- being limited in reality to the right to change management if the company flounders badly -- investors might not perceive much real change in their own control if workers rather than managers ran a company in which they held shares.

[3] C. Munro, 'The financing of worker co-operatives: a comparison with conventional businesses and evaluation of proposed mechanisms for investment', unpublished MBA thesis, Polytechnic of Central London, 1987.

None of the co-operatives studied for this thesis was able to take advantage of any of these financial innovations, although Measurement Ltd developed its own successful version of internal capital accounts. Like almost all other co-operatives, they suffered from skimpy resources, making do with a hodgepodge of loans from family members, 'sweat equity', personal savings, and retained earnings once they gained momentum. Bank loans were rare, especially in the early years when retained earnings were smallest. The theme of constrained resources recurs throughout this thesis. While small conventional businesses face many of the same financial problems in their early years, the control and prospect of high eventual returns permitted by external shareholding greatly aids access to external finance.

Now that co-operative theorists are starting to propose new and more sophisticated financial mechanisms for co-operatives, sustained experimentation is required to determine which ones are best suited to certain kinds of co-operatives and how to improve them.[1] More important than any subtle effects these new financial vehicles could have on internal

---

[1] One model from which the British co-operative movement could draw some useful lessons is the Mondragon experiment in Spain. In the mid-1980s this was a network of more than 85 co-operatives employing more than 14,000 people that included Spain's largest manufacturer of consumer durables. Three structural innovations of Mondragon stand out as most relevant to the needs of British co-operatives. First, each worker was required to make a £5,000 investment to his or her co-operative (the money could be borrowed from the co-operative and repaid out of wages), fully repayable (with accumulated dividends) only on retirement. This provided the firm with capital and encouraged low personnel turnover. Second, the network maintained its own bank which had an experienced management consultancy service. This offered co-operatives both a ready source of finance and advice well-tailored to their particular needs. Third, the existence of a large network of Mondragon co-operatives meant they were able to do substantial business with each other, as well as cross-fertilise by trading information and personnel. On-site research, 9-18 July 1983. A good general discussion of Mondragon is contained in A. Campbell, C. Keen, G. Norman and R. Oakeshott, Worker Owners: The Mondragon Achievement (London, Anglo-German Foundation for the Study of Industrial Society, 1977), pp. 165-214, A. Johnson and W. Whyte, 'The Mondragon system of worker production co-operatives', Industrial and Labour Relations Review 31 (1979), pp. 18-30, and D. Ellerman, 'The Mondragon co-operative movement' (Cambridge, Mass., Harvard Business School Case Study, nd).

organisation is how much investment they can attract; for simple lack of money, rather than the particular form in which that money enters the firm, is a crucial inhibitor on the success and growth of many co-operatives. Insofar as multiple investment vehicles broaden the possibilities for co-operatives, the co-operative movement should encourage a variety.

2.4.3 Public Attitudes

Co-operatives are few and generally small. Many people who might come to enjoy working in one do not know they exist. There is no significant pool of people with experience and interest in democratic work. Thus not only do co-operatives encounter serious financial obstacles, but must devote much time and energy to finding potential members and groping towards techniques of co-operative working. The ignorance of the general public, which if it associates co-operatives with anything at all may think of the failed 'Benn co-operatives' or 'hippies selling red beans and joss sticks',[1] is shared by the business community: bankers who consider co-operatives inherently unsound; suppliers who think co-operatives are non-profit organisations; local government economic development officers or Job Centre officials who never think to recommend a co-operative approach. The recent growth spurt of co-operatives holds out the prospect of breaking the vicious circle of low knowledge leading to low interest in working co-operatively and a poor image in the business community, by creating a 'critical mass' of co-operatives which can help each other, attract attention to their successes and promote awareness of co-operatives' possibilities. But the co-operative movement will have to devote significant resources to 'spreading the gospel' to a wider audience if co-operatives are to emerge from their present marginal status.

---

[1] Cornforth et al., p. 180.

The past decade has seen a significant expansion of CSOs, which have given specific practical advice to many co-operatives and greater legitimacy to the notion of working co-operatively. Frequently attached to a local council seeking to promote economic development and reduce unemployment, more than 100 CSOs now exist, with an average of three full-time workers each. They have been an important catalyst in co-operatives' expansion, by helping co-operatives find external finance, surmount operational problems and gain access to other co-operatives. One regional CSO in the West Midlands established a revolving loan fund with allocations of £1.75m. Because government funding for CSOs is uncertain, some have pursued grants from the European Social Fund; others generate revenues from developing buildings where several co-operatives can share common services (and pay rent).[1] While many co-operative activists have been frustrated at the central government's unwillingness to create a strong central body to finance and support co-operatives, a decentralised network of CSOs has the advantage of ensuring that the CSOs will pay close attention to local needs and encouraging experimentation with different types of co-operatives and support activities. Some CSOs, for instance, have focused on establishing close relations with trade union officials to promote 'rescue' and 'phoenix' co-operatives out of the viable parts of firms going bankrupt in regions of high unemployment, with some success; others take an active role in promoting new business ideas to groups who might wish to become co-operatives; others wait for groups to bring viable business ideas to them. Lack of business skills among potential co-operators often prompts a fairly activist approach from CSO workers.[2]

---

[1] Ibid. Chapter 9 of Cornforth et al. contains an excellent discussion of the work and growth of CSOs.

[2] Ibid., pp. 181-4.

The best advertisement for co-operatives is of course a network of successful ones. In the past decade CSOs have helped start such a network. Their focus on practical local results has been a useful antidote to the dogmatism which characterised some co-operative theorists in the moribund period before the 'new wave'. Nevertheless, more work needs to be done at the national level to publicise co-operatives' possibilities. The Conservative government, while not actively hostile, has no interest in giving co-operatives special help or promotion. The national CDA has had difficulty establishing credibility with local CSOs and individual co-operatives; ICOM's particular vision of co-operatives has not so far been broad enough to encompass some of the new ideas for financing and structuring co-operatives being advanced by activists and tried in the field; and no other national body so far has been in a position to promote co-operatives to a wide audience.

The progress of co-operatives in the past decade suggests that a 'public awareness' campaign could accelerate that progress, by attracting new workers and improving co-operatives' image among important constituencies such as bankers, businesspeople, and policymakers. This prospect is strengthened by the evident success CSOs have had in promoting co-operatives among disadvantaged groups, who (except possibly for motivation) lack many of the attributes considered most important in starting a business: capital, experience, existing customers, business knowledge. If the attractions of co-operatives can be put before a wider audience, one which on average can bring more resources to starting a business than unemployed or young workers, co-operatives will benefit. The economist Alfred Marshall, writing before the First World War, argued that co-operatives' difficulties could be traced in large part to the poor education of their members, an analysis which remains relevant today:

> It will be said that such associations have been tried and have seldom succeeded. They have not been tried. What have been tried are associations among, comparatively speaking, uneducated men,

> men who are unable to follow even the financial calculations that are required for an extensive and complicated business. What have to be tried are associations among men as highly educated as are manufacturers. Such associations could not but succeed.[1]

Marshall's suggestion that co-operatives might appeal to and be more successful among the educated seems confirmed by the record of the alternativists, who are largely responsible for the strong growth of the co-operative sector in the past decade. They have chosen co-operatives not out of poverty or class solidarity, but because democracy at work is appealing for its own sake and as a political philosophy. Many are university graduates even if they do not have significant business training or experience. Many, though not all, have been able to gain the business acumen they need to survive.

Implicit in the co-operative movement's inheritance from its past is a defensive stance towards the larger economy and society. The IPSA framework and ICOM rules expect that co-operatives will find the world a dangerous place: outsiders will take them over if permitted, so external shareholders are flatly forbidden; greed will subvert members' devotion to the common good, so returns are limited; degeneration is somehow inherent in democratic organisation, so members own the enterprise collectively not individually. These fears certainly have some foundation in co-operatives' historical performance, but the evident success of many different types of co-operatives in the past decade implies that co-operatives may be able to flourish outside the boundaries previously assumed. Many factors have helped contribute to the 'virtuous circle' of increasing success and growth for co-operatives which in turn prompts interest in how to further improve their prospects. These factors include the spread of CSOs and the dissemination of research results about co-operatives into practice. Probably the most

---

[1] Quoted in Jones, 'British producer co-operatives', p. 18.

important factor, however, has been the migration into co-operatives, mainly through the 'alternativist' movement, of a higher concentration of educated people. Marshall was too optimistic in predicting that co-operatives of educated people 'could not but succeed'; as the case studies demonstrate, university graduates may have the basic intellectual equipment to learn how to run a business, but business knowledge and skills are also necessary.

As the economy shifts from manufacturing to services, and as both manufacturing and services rely increasingly on machines and computers to perform basic tasks, traditional companies have increased productivity by instituting quasi-democratic reforms. Spurred by the Japanese example, quality control circles, team-based assembly lines and shorter chains of command are being instituted in major companies.[1] These reforms require workers educated enough to perform the more complex tasks given them and to resolve the interpersonal conflicts which can arise when several people contribute to decisions. A high proportion of educated people is a great asset for co-operatives too, where self-organisation is itself a complex task. A campaign to attract still greater numbers of educated people would be a worthwhile effort for the co-operative movement.

2.5 Conclusion

Co-operatives are active in many sectors of the economy and manage to satisfy diverse kinds of members, from unemployed engineering

---

[1] Other traditional forms of work organisation also have important elements of democracy which, however, are seldom credited as such. Professional partnerships in law, accountancy, brokerage and consultancy, for example, depend on consensus decisionmaking among the partners (though excluding support staff and junior professionals), perhaps because the work of individual partners is complex and difficult to supervise and the firm's capital requirements can be satisfied without public shareholding. Universities are formally hierarchical, but their leadership is often solicitous of powerful professors' views.

workers to wholefood retailers to women seeking part-time work to skilled operatives in a 500-person chemicals and plastics plant. Their business performance mirrors that of similarly sized traditional firms. The past decade, primarily because alternativists have sought work which comports with a 'small is beautiful' worldview, has seen a geometric expansion in the number of British co-operatives, an intriguing indication that co-operatives could play a larger role in the British economy. Nevertheless, the absence of any Mondragon-like network of large industrial co-operatives demonstrates that British co-operatives face many obstacles to business success, at least according to traditional measures of business success such as growth, sales and assets. Some of those obstacles are internal, the price exacted by certain democratic structures. In particular, many co-operatives seem to have difficulty growing beyond the size where all members can keep informed and make decisions through informal meetings of the whole membership. The next chapter examines co-operatives' internal dynamics. But many constraints on co-operative success, as we have seen, are externally imposed: inadequate sources of finance, obsolescent frameworks of ownership and control and a largely ignorant and indifferent public opinion. The 'new wave' co-operatives have prospered in the past decade despite the external constraints. Many, like those studied for this thesis, received no significant help from the CSOs which have both grown out of and helped create the multiple, small-scale local experiments which now comprise the British co-operative movement. More energetic government support could obviously help foster a more receptive climate for co-operatives: legislation to create new forms of ownership and control and new investment vehicles; more and better-funded local CSOs; tax breaks for co-operatives, their members and (where applicable) investors; a government-financed co-operative bank; preferential treatment to co-operatives bidding for government contracts; and a specialised consultancy service are a few such possibilities. None

appears likely to materialise in the near future. Nevertheless, the new-found appeal of co-operatives to relatively educated people, and the recent interest of some co-operative activists in devising control mechanisms and financial vehicles to make co-operatives more attractive to workers and investors in the absence of major government help, holds out the prospect that co-operatives could gradually learn to navigate around their main external constraints.

CHAPTER THREE

The Internal Organisation of Co-operatives

3.0 Introduction

Like traditional businesses, co-operatives have characteristic patterns of internal organisation. These patterns affect not only the satisfaction of co-operative members in their jobs, but the business performance of the firm. How to structure traditional businesses for maximum performance has been the subject of countless academic studies, which offer prescriptions about firm size, the role of first-line supervisors, promotion, managerial authority and training, autonomy of subunits, and a host of other organisational topics. Co-operatives have not been so extensively studied. The academic literature is comparatively silent about the structural needs of both small and large firms which seek to make and execute decisions democratically. This chapter represents an attempt to redress this imbalance. It draws mainly on academic work on traditional firms, particularly on how to structure small work groups within them, in order to analyse the strengths and weaknesses of the co-operative form for business performance. This body of literature, in conjunction with case studies and some recent theoretical work about successful and unsuccessful co-operatives, suggests that several organisational variables are significant

in determining whether a firm can succeed as a co-operative: the nature of the work performed; firm size, and whether the firm needs to grow to keep up with market demands; the intelligence of the co-operative's design of work groups and subgroups; the members' leadership ability and prior experience in democratic organisations; and the sheer amount of human, educational and financial resources at the co-operative's disposal. These variables are related but may be examined separately.

The chapter concludes that many features of the co-operative form make it a good vehicle for doing business, particularly the high commitment and productivity which working democratically tends to elicit from co-operative members. But this general conclusion has several qualifications: some kinds of work are less suited to co-operatives than others; co-operatives have difficulty making the transition from small to medium-sized firm; and small co-operatives often exhibit weaknesses which are predicted by studies on pathology in group decisionmaking. Many co-operatives also face problems, not insuperable but serious, in ensuring that their members attain adequate training in the firm's work and in techniques of democratic operation. Of course traditionally organised firms face hurdles too; this chapter seeks to identify the distinct set of organisational challenges which flow from choosing the co-operative form.

Of all the chapters in this thesis, this has been the most difficult to research. Co-operatives have been virtually ignored by scholars in organisational behaviour, industrial psychology, industrial sociology, and related fields. Some work has been done to identify structural changes which increase job satisfaction (that is, workers' subjective assessment of pleasure in their jobs) and productivity in traditional firms. Increasing workers' control over their immediate tasks and the variety of their work, through such innovations as job rotation, autonomous work groups, job enrichment and job enlargement, have been shown to increase satisfaction and productivity.

These studies, however, are not directly applicable to co-operatives. The job improvements they examined have been grafted onto traditional businesses, usually imposed from the top. They give workers greater control over their immediate task only, not the more general control and responsibility typical in co-operatives. Some work has been done to establish the effects of firm size on productivity in traditional hierarchical firms, but no clear conclusions have been reached; the relevance of this work to the dynamics of a large democratic business is remote in any event. Studies have been done demonstrating that successful firms differ in structure depending on their field of work, from which analogies may be drawn to co-operatives; but co-operatives per se have been excluded from such studies. Finally, while among the large number of generally inadequate case studies on individual co-operatives there are a few from which generalisations about effective co-operative structure may be drawn, none reviewed by the author (except for the recent valuable contribution by Conforth et al.)[1] refers to concepts drawn from organisational behaviour, industrial psychology or related disciplines. Because of these limitations in the literature, this chapter draws on a diverse range of sources, few of which directly examine organisational behaviour in co-operatives.

3.1 Suitability of Democratic Organisation to Different Types of Work

Some organisations are better suited to operating as co-operatives than others. It seems evident that a nuclear missile submarine, a government department entrusted with the meticulous execution of laws passed by Parliament, or a large factory or multi-division international company with high specialisation of labour and expensive capital equipment cannot easily (or at all) operate as a co-operative; a firm small enough for everyone to

---

[1] Cornforth et al., Developing Successful Worker Co-operatives.

meet in the same room, where the nature of the work requires educated workers, considerable individual responsibility and relatively little specialisation, will take more readily to the co-operative form.

Most co-operatives existing today, including the 'new wave' co-operatives, are small, having fewer than 20 members. While co-operatives exist in a wide range of businesses from symphony orchestras to bicycle repair, most are concentrated in fields with relatively low requirements for capital and expertise and relatively high insulation from large centralised competitors, for example wholefood retailing, printing and cleaning services. As discussed in Chapter Two, many factors contribute to the paucity of co-operatives -- shortcomings in the legal framework and model rules available, paltry finance, poor leadership in the co-operative movement, inadequate management, invisibility and the market pressures described by labour process theory. Nevertheless, their current distribution pattern may also imply that co-operatives are better suited to certain types of work than others. This conclusion is supported by studies of traditional businesses which find a close link between a firm's work and its internal structure.

The earliest efforts of management theorists to improve organisational design assumed there was 'one best way' to shape all organisations. In the 1930s, for example, Urwick initiated a long line of studies into the 'span of control' with his finding that 'no supervisor can supervise directly the work of more than five, or at the most, six subordinates whose work interlocks'.[1] More recent work has moved away from this rigid approach, arguing instead that structure should and will be contingent upon many aspects of the organisation's mission and environment,

---

[1] Quoted in H. Mintzberg, 'A typology of organisational structure', Chapter Three in D. Miller and P. Friesen, Organisations: A Quantum View (Englewood Cliffs: Prentice-Hall, 1984), p. 68. See also L. Gulick and L. Urwick, eds., Papers on Scientific Administration (New York: Columbia University Institute of Public Administration, 1937).

> for example, its age, size, type of production system, the extent to which its environment is complex and dynamic. To cite some of the more established relationships, larger organisations need more formalised structures -- more rules, more planning, tighter job descriptions; so do those in stable environments and those in mass production. Organisations in more complex environments need higher degrees of decentralisation; those diversified in many markets need divisionalised instead of functional structures.[1]

Furthermore, businesses are now understood to have 'life cycles', with structures that evolve to meet changing market needs: first entrepreneurship, then sharp expansion, followed by maturity, diversification into new markets, possible stagnation and decline.[2] Of course, firms may themselves try to alter their environments in order to resist pressures to evolve: large bureaucratic firms may opt for stable markets to permit continued smooth functioning, and entrepreneurial firms may de-emphasise maturing product lines to enter more dynamic markets where fluid organisation and speedy response confer competitive advantage.[3]

It was emphasized in Chapters One and Two that co-operatives vary considerably according to their origins (failing firm, conversion of viable business, new start), age, wealth and the prinicpal motivations of their members (philanthropic, 'idealistic', job creation). Nevertheless, many share certain characteristics by virtue of their democratic nature and small size: work is not highly specialised; there are few if any channels of formal supervision; control is often highly centralised, in that the entire co-operative must agree on key policies, but technical experts do not loom particularly large in decisionmaking; and internal relationships are highly

---

1 Mintzberg, op. cit., p. 69.

2 These life cycle stages were recently described as 'birth, growth, maturity, revival, and decline'. D. Miller and P.H. Friesen, 'A longitudinal study of the corporate life cycle', 30 Management Science (1984), p. 1162.

3 J.R. Kimberly, 'The study of organisation: toward a biographical perspective', Chapter 14 in J.W. Lorsch, ed., Handbook of Organisational Behaviour (Englewood Cliffs: Prentice-Hall, 1987), p. 231.

fluid.[1] These characteristics make co-operatives dysfunctional in several types of work. For example, certain kinds of mass production -- textile weaving, cigarette manufacturing, and the assembly of other standardised products are some which have been extensively studied -- place great power in the hands of technical analysts who design the jobs of individual operators in highly detailed terms. Their emphasis on standardisation and control sets the tone for the organisation. 'Rules and regulations -- an obsession with control -- permeate the entire structure; formal communication is favoured at all levels; decisionmaking tends to follow the formal chain of authority'.[2] Such organisations thrive in environments that are simple and stable, permitting economies of scale from repetitive operations which require only infrequent rearrangement. Services as well as manufacturing operations can function in this way: insurance companies, utilities, and government departments such as inland revenue must perform repetitive tasks according to standard procedures.

Mass production is not easily married to the co-operative form. The high degree of labour specialisation which makes mass production efficient, the need to perform repetitive tasks uniformly, and the stress on formal communications and chains of command do not synchronise with the attributes of co-operatives. This does not deny that mass production firms may profit from quasi-democratic structural reforms which increase workers' control such as horizontal and vertical job enlargement or autonomous work

---

[1] Not all co-operatives manifest these characteristics; in Section 3.3 below, the special features of large co-operatives are discussed.

[2] Mintzberg, op. cit., p. 78.

groups,[1] or argue that a mass production firm can never operate as a full co-operative. Nevertheless, mass production is relatively hostile to the co-operative form.

Another type of business not obviously suited to co-operative structure is the decentralised multi-divisional firm. Each division is given extensive authority to make decisions in its own market, and is controlled by top management only by means of broad performance goals (usually numerical measures such as increased quarterly sales and profitability). In some firms of this type the divisions are in such different markets that cross-fertilisation of ideas between them is unlikely. We discuss below whether elected worker representatives or other innovations can make the co-operative form meaningful in large firms; the multi-division conglomerate is only an extreme form of this problem. Nevertheless, it seems more unsuited than suited to co-operative structure. There is little point in having co-operative members or their representatives discuss business problems together if the firm's businesses are entirely distinct from each other. A high degree of labour specialisation, a need for extensive delegation and impersonal control are inherent in this kind of firm, and are not qualities which square with co-operatives' customary virtues.

Given the above, co-operatives would appear to be particularly well-suited to two types of business in particular: firms developing or entering a new product or service field, which we will call 'entrepreneurial'; and 'professional bureaucracies' such as firms of solicitors or architects in

---

[1] For example, the Topeka, Kansas dog food plant of General Foods Corporation and the car mirror plant at Harman, Tennessee were subjects of workplace democracy experiments which reorganised assembly line production into various self-governing teams which shared jobs. Workers were not given control over major strategic decisions or a share in ownership, but the results were generally favourable for productivity and worker satisfaction. D. Zwerdling, Workplace Democracy (Washington: Association for Self-Management, 1980), pp. 19-29, 41-52.

which highly trained people have considerable autonomy in providing skilled services.[1] Entrepreneurial firms succeed best if internal lines of communication are open and fluid, if workers with different specialties can readily combine their talents in ad hoc teams to meet new challenges, and if formal orders and controls are minimised. Burns and Stalker's study of electronic firms distinguished between 'organic' and 'mechanistic' internal structures; the organic firms were much better at innovating as the environment demanded.[2] Aldefer summarises the research done on organic versus mechanistic internal structures as follows:

> Mechanistic systems tended to have more impermeable boundaries around tasks and groups than organic systems. Roles ... tended to be very precisely defined: rights, duties, obligations and methods were carefully prescribed. Interaction tended to be primarily hierarchical. Loyalty to the concern, local knowledge, and obedience to superiors tended to be emphasised. Organic systems tended to have more permeable boundaries around tasks and groups than mechanistic systems did. Roles tended to be defined by the nature of task demands and individual competencies and, therefore, were frequently redefined as new problems arose and complex interactions took place. Commitment tended to develop toward a whole concern rather than toward a narrow specialty. Interaction tended to go in both horizontal and vertical directions and to take the form of consultation rather than command.[3]

Bad communications, sometimes bordering on complete isolation, were evident in the mechanistic firms Burns and Stalker studied; in one, where distinctions between research and manufacturing were especially rigid, the research and development (R&D) department was doing only routine test work and no product development at all. Duncan's study of both manufacturing and R&D units found that effective ones 'destructured' themselves when faced with non-routine decisions. Outsiders were brought into meetings, fewer explicit

---

1 The term 'professional bureaucracy' is Mintzberg's, op. cit., p. 79.

2 T. Burns and G. Stalker, The Management of Innovation (London: Tavistock, 1961).

3 C. Alderfer, 'Change processes in organisations', Chapter 36 in M.D. Dunnette, ed., Handbook of Industrial and Organisational Psychology (Chicago: Rand McNally, 1976), p. 1611.

rules and procedures were used, authority was exerted more by persuasion than by hierarchical command.[1] Such fluid structures are highly adaptive when the firm is trying to create a new product or service or faces a fast-changing environment. As Aldefer summarises simply: 'Among innovative systems, the more internally open showed greater effectiveness and survival'.[2]

Internal openness is of course a hallmark of co-operative structure. And, unlike small traditional firms which also may start with little hierarchy and much mixing of jobs, co-operatives are committed to maintaining fluidity over time. Measurement Ltd, the co-operative studied in Chapter Seven, is a good example of a co-operative which maintains technological leadership in its field partly through the easy and extensive communications and cross-fertilisation among its members. The major defects of the co-operative form for an entrepreneural firm are two: first, growth may be more difficult than in a hierarchical firm because the members may resist delegation, specialisation of labour, formal rules and other features associated with larger traditional businesses in favour of preserving the intimacy of their original group; second, individualistic leaders, widely regarded in the scholarly literature as crucial to the success of many start-up companies,[3] may not wish to share power with others.

Professional bureaucracies rely on standardisation of skills, usually attained through long formal education and/or apprenticeship, as the means

---

1 R.B. Duncan, 'The effects of perceived environmental uncertainty on organisational decision unit structure', unpublished Ph.D. dissertation, Yale University, 1971.

2 Aldefer, op. cit., p. 1612.

3 See D. Miller and J-M. Toulouse, 'Strategy, structure, CEO personality and performance in small firms', American Journal of Small Business (Winter 1986), 48-62; J. Jewkes, D. Sawers and R. Stillerman, The Sources of Invention (London 1969).

of regulating their work. Examples of such organisations include doctors' and lawyers' group practices, accountancy firms, social service agencies, schools and universities, and perhaps journalists. Control over the work is in the hands of individual professionals, whose jobs are complex and cannot be standardised and whose autonomy to practice is accordingly broad. 'Not only do the professionals control their own work, but they also tend to maintain collective control of the administrative apparatus of the organisation'.[1] Professional bureaucracies are suited to the co-operative form in many respects. Because members are well-educated, they may not find it daunting to acquire whatever technical business skills they lack, such as accountancy and finance. Some degree of mutual respect is inherent in the attitudes of the professionals towards each other. Complex chains of command are unnecessary; each member is essentially a solo operator who uses the group for training, financial support and spreading the cost of support staff. Securing start-up capital may be relatively simple because the capital requirements of a personal service firm are usually low and the professional credential carries weight with banks. Indeed, a common method of organising the work of professionals has long been small partnerships, which would not require radical reworking to become co-operatives. On the other hand, professional bureaucracies pose some difficulties for a co-operative structure: professional independence is often jealously guarded, inhibiting the possibility of meaningful collaboration; the ability to attract and service clients often depends on reputation and seniority, creating an implicit hierarchy among members; and the professional credential is so important that support staff are easily relegated to permanent inferiority. Family Planning Ltd, the case study covered in Chapter Five, is an example of a large professional bureaucracy operating as a co-operative.

---

[1] Mintzberg, op. cit., p. 80.

3.2 The Consequences of Democratic Organisation in the Workplace

3.2.1 Worker Satisfaction and Citizenship

There are five main arguments in favor of workplace democracy. The first is that the process of group inclusion, of having one's views taken seriously and feeling responsible for the firm's ultimate well-being, produces a high degree of commitment to the firm which results in high labour productivity. This argument can be termed 'functional-productivity'. The second argument is that group decisions may be more thoroughly considered and better informed than those of an individual manager in a hierarchical firm. This may be termed 'functional-decisionmaking'. The third argument, which we may term 'functional-individual', is that workplace democracy confers benefits on the people who participate in it, expanding their sense of mastery and self-confidence and helping them realise their full potential. This ties into the fourth argument, which we may term 'moral': that democracy is better in some absolute sense than hierarchical organisation, in the same way that political democracy is superior to totalitarianism. This argument stresses the fundamental importance of giving people maximum control over their own lives. The fifth argument is that increasing democracy in the workplace will have a spillover effect upon other aspects of social life, rejuvenating people's interest in making political democracy work and raising the general standard of citizenship. This argument may be termed 'functional-social'. Of these five arguments, only the first two -- functional-productivity and functional-decisionmaking -- have been tested (though hardly settled) by behavioural science research. They are discussed more fully below. Nevertheless, the other arguments are important even if they have not been empirically proven. Accordingly we review them here briefly before turning to the main subject of this section, namely whether

the co-operative form confers practical benefits on businesses which employ it.

The moral argument for co-operatives is framed in terms which permit little debate. Both proponents and opponents of greater workplace democracy seldom confront it directly. Instead criticism centres on the impracticality of democracy in a business context: that democratic decisionmaking takes too much time away from productive work; that it devalues expertise and stifles entrepreneurship; that democracy cannot be effectively conducted in all but the tiniest businesses, which by definition will always be marginal to the economy. Nevertheless, the moral argument has a powerful appeal. The notion is widespread that human dignity requires powerful institutions to permit their members to participate actively in decisions which significantly affect them.

The functional-individual and functional-social arguments for workplace democracy are closely intertwined, and focus on the benefits conferred by democracy on the individual and on society generally, rather than on the productive enterprise itself. These arguments closely track analogous arguments for political democracy, and in the absence of social science research in this area the following discussion borrows from the work of political philosophers and political scientists.

Liberal democracies accept as an article of faith that citizens should control their own destinies through their governments, even though the tasks governments face are complex, requiring expertise and deft maneuvering. A universal franchise is thought to increase individual commitment to the polity's well-being and to improve decisionmaking by ensuring that all relevant viewpoints have access to those wielding power. And regardless of democracy's positive results for the smooth functioning of government, it is also argued that democracy is the correct method of

government whatever its results. In the words of Benjamin Barber, democracy is

> an end to itself rather than one that only has ends .... [it takes] on the sense of a journey in which the going is as important as the getting there and in which the relations among travelers are as vital as the destinations they may think they are seeking.[1]

Rousseau put this thought a slightly different way. 'Create citizens', he wrote, 'and you will have everything you need.'[2] He thought citizenship 'produces a remarkable change in man; his faculties are exercised and developed, his ideas broadened, his feelings ennobled, and his whole soul elevated.'[3] De Tocqueville believed it was 'incontestable, that the people frequently conduct public business very badly'. Nevertheless he thought it was

> impossible that the lower orders should take a part in public business without extending the circles of their ideas and quitting the ordinary routines of their thoughts. The humblest individual who cooperates in the government of society acquires a certain degree of self-respect ... he is canvassed by a multitude of applicants and in seeking to deceive him in a thousand ways, they ... enlighten him.[4]

The self-respect and enlightenment gained by individual democrats is thought to redound to the benefit of the larger society. Rousseau, de Tocqueville, Mill and Dewey, among many others, have argued that large-scale democratic polities are strengthened if individuals practice democracy on the scale of their daily lives.[5] Active participation in small-scale democracy is widely

---

1 B. Barber, Strong Democracy (London: University of California Press, 1984), p. 120.

2 Jean-Jacques Rousseau, 'A discourse on political economy,' in Social Contract and Discourses (London: Dent, 1913), p. 251.

3 Ibid., book 1, chap. 8.

4 A. de Tocqueville, Democracy in America (New York: Vintage Books, 1960), vol. 1, pp. 260-61.

5 Rousseau, op. cit.; de Tocqueville, op. cit, p. 252; J.S. Mill, On Representative Government (London: Everyman, 1911); J. Dewey, Democracy and Education (New York: Free Press, 1967).

considered to be the best means of educating citizens about its functioning and needs on a national scale. Indeed some modern political philosphers argue that the growth of more effective political democracy will be seriously constrained unless citizens gain more practice of democracy in their daily work.[1]

Modern social scientists, extending the work of classical political theorists from the polity into the workplace, agree that workplace democracy has beneficial effects on individual self-esteem and social health. In the late 1930s, Kurt Lewin and his colleagues found that democratic leadership was superior to authoritarian leadership in motivating group behaviour.[2] The industrial sociologist Blumberg supports Lewin's findings, suggesting that democratic practices at work develop a more highly attuned workforce and that 'the democratic organisation tends to strengthen maturity by stimulating the very traits associated with it: activity, independence, and the like'.[3] He concludes that greater worker participation in decision-making increases job satisfaction and morale.

Argyris, too, endorses the benefits to workers of democratically organized work.[4] He argues that adulthood is characterised by the striving for independence, long-term fulfilment and responsibility, coupled with a growing interest in the realisation of equality. This comports with Abraham Maslow's widely publicised 'hierarchy of needs' theory, which holds that

---

1 R. Mason, Participatory and Workplace Democracy (Carbondale, Ill.: Southern Illinois University Press, 1982).

2 K. Lewin, R. Lippitt and R. White, 'Patterns of aggressive behaviour in experimentally created social climates', 10 Journal of Social Psychology (1939), pp. 271-99.

3 P. Blumberg, Industrial Democracy: The Sociology of Participation (New York, 1968), p. 131.

4 C. Argyris, Personality and Organization (New York, 1957).

autonomy and self-actualisation are the ultimate goals of adult life.[1] A higher level of democratic involvement at work generally results in workers receiving feedback and respect from co-workers and promotes self-esteem.[2] By increasing job satisfaction, democratic practices can improve self-confidence and sense of well-being.[3]

3.2.2 Firm Performance

Leaving aside the benefits to individuals and society, does democratic organisation lead to superior business performance? The answer to this question is complex. First, as we have seen, the economic record of existing co-operatives is, overall, comparable to that of traditional firms. Their survival rate is roughly the same. In some co-operatives productivity is high, a result of high commitment and intelligent organisation; in others it is significantly lower than industry averages, the result of undercapitalisation which leaves 'sweat equity' as the only path to survival. As discussed above, much depends on the particular sector of economy and the nature of the co-operative's work: mass production firms and multinational conglomerates would appear to be poor candidates for organisation as 'pure' co-operatives, while small entrepreneurial firms and professional bureaucracies would appear to be good ones. The chances of success will increase if the

---

1 A. Maslow, Motivation and Personality (New York, 1970). For a thorough critique of Maslow's theory as intellectually incoherent and empirically untestable, see E.A. Locke, 'Nature and causes of job satisfaction', Chapter 30 in Dunnette, ed., Handbook of Industrial and Organisational Psychology, pp. 1307-09.

2 J. French, J. Israel and D. As, 'An experiment on participation in a Norwegian factory', 13 Human Relations (1960); A. Tannenbaum, Social Psychology of the Work Organisation (Belmont, California, 1966).

3 F. Herzberg, B. Mausner and B. Snyderman, The Motivation to Work (New York: Wiley, 1959); A.W. Kornhauser, Mental Health of the Industrial Worker (New York: Wiley, 1965); R.J. Burke, 'Occupational and life strains, satisfaction, and mental health', 1 Journal of Business Administration (Winter 1969-70), 35-41.

co-operative is in a market niche somewhat removed from competition with large centralised producers, for example printing and specialty manufacturing. Second, there is little systematic research available about the business performance of co-operatives per se. Some case studies of co-operatives which have converted from failing traditional firms report greater worker commitment to the enterprise, but they seldom address how long this is sustained or measure how it affects the balance sheet. Cornforth et al. have collected a limited set of data from market sectors where there are traditional firms as well as a concentration of co-operatives. Their analysis makes evident that so many factors influence economic performance besides worker commitment -- availability of finance, degree of independence from capitalist firms, other features of workplace organisation -- that valid generalisations are not possible for the whole co-operative sector, at least until further research is performed. So far the evidence gives no reason to discount co-operatives as a group, and indeed offers their proponents room for optimism.

In the absence of dispositive empirical work on co-operatives themselves, there is another body of research, largely ignored by co-operative theorists, which can shed light on how democratic organisation affects business performance: that which examines the performance of small groups within traditional firms. It is to this research we now turn.

One area of relevant investigations tries to identify what makes people satisfied in their jobs. The results are generally favourable to increased workplace democracy, although they do not shed light on whether workers would find 'pure' co-operatives more or less satisfying than milder democratic reforms in traditional organisations. Job satisfaction, which we will define as a worker's subjective assessment of whether a job fulfills his or her needs and values, is itself a complex phenomenon. A job is not simply a discrete collection of tasks but a source of income, social relationships,

anxieties and career possibilities, to which people bring different preferences.[1] Cornforth et al. have adapted exchange theory to the analysis of worker satisfaction in co-operatives, postulating that workers look to their jobs not solely as a source of wages (as neoclassical economists would assume) but to satisfy them on many levels. Instrumental motivations include earning money for oneself and one's family, job security and status. Social motivations include the desire for friendship and solidarity with coworkers. Another set of motivations is termed moral, a sense of building a better world through working in a co-operative or making a uniquely important product, while control over one's work -- the immediate task as well as larger questions such as hiring and firing, wages and conditions and still larger questions of firm strategy -- is a fourth axis on which worker satisfaction can be measured.[2] Many factors contribute to a worker's assessment of satisfaction on these different levels: pay, benefits, physical ease and safety, promotion opportunities, interesting and progressively challenging job content, constructive relations with colleagues, mechanisms for exercising control and the constraints imposed by the firm's particular market. In addition, the job satisfactions which are typically enhanced by co-operatives have associated costs: closeness to colleagues may mean arguments and factions as well as exhilaration; high commitment may mean too little time for family and eventual 'burnout'; exercising control may require extra effort and unpleasant choices.[3] While veterans of co-operatives report that 'the extra responsibilities taken on as a member of a co-operative were usually very rewarding',[4] this generalisation is so broad

---

[1] Cornforth et al., pp. 96-8.

[2] Locke, op. cit., pp. 1302, 1307.

[3] Cornforth et al., pp. 103-7.

[4] Ibid., p. 108.

that many researchers have decided that future research should focus on 'what people think about various specific forms of participation that they are currently experiencing, and how their views change over time'.[1]

Of the four constituents of worker satisfaction described above, two -- control over one's job and workplace, and the social interactions among workers -- have received significant attention from management theorists. We take each in turn.

A. Effects of Co-operative Organisation on Job Content and Worker Control

Repetitive and boring jobs lead to disaffected and unproductive workers. Research is unanimous that work without mental challenge is extremely unsatisfying.[2] Conversely, challenging work

> stimulates involvement [because] it requires the exercise of individual judgment and choice, and thereby makes oneself the main causal agent in performance. Actions and outcomes for which one takes personal responsibility will ordinarily produce greater affect than those for which one is not responsible, because more of oneself (i.e., one's ego) is involved in the job. Another reason is that coping with challenge requires effort and the expenditure of effort requires commitment to the goals one is seeking.[3]

Not all workers seek challenging work, some challenges can be overwhelming rather than satisfying, and each person's desired challenges will differ. Nevertheless, if work is to satisfy any need beyond income, it must stimulate the worker's mind. 'Jobs that require the use of many rather than few skills, that are whole rather than partial, important rather than trivial, and which provide workers lots of performance feedback ... motivate high

---

[1] Ibid., p. 95.

[2] For a review of this literature, see Locke, op. cit., pp. 1319-20.

[3] Ibid., p. 1320.

performance'.[1] Hackman and Oldham specify three job content factors which promote job satisfaction: skill variety, task identity, and task significance.[2] They define skill variety as the 'degree to which a job requires a variety of different activities in carrying out the work, involving the use of a number of different skills and talents of the person.' Task identity is 'the degree to which a job requires completion of a "whole" and identifiable piece of work ... doing a job from beginning to end with a visible outcome', and task significance is the 'degree to which the job has a substantial impact on the lives of other people, whether those people are in the immediate organization or in the world at large'.[3] Worker co-operatives are excellent in providing the engagement essential to high performance. First, their jobs are horizontally and vertically enriched: members perform a diverse range of functions, and the members themselves control which tasks they are to perform. The need for skill variety and task identity is thus satisfied. Second, the member is not concerned only with his or her job but with the fate of the enterprise -- by definition a 'non-trivial' matter with 'task significance' -- which he or she can influence only by exercising complex skills of analysis and persuasion. Third, the sense of mutual interdependence among members leads to regular feedback. Thus democratic organisation of the workplace should make workers more interested and

---

1 R. Guzzo, 'Improving work-group effectiveness', Chapter 29 in Schuler, R.S., Youngblood, S.A., and Huber, V., Readings in Personnel and Human Resource Management, 3rd ed. (St. Paul, Minnesota: West Publishing Co., 1988), pp. 350-56.

2 J.R. Hackman and R. Oldham, Work Redesign (Boston: Addison-Wesley, 1980).

3 Ibid., pp. 78-79. See also J. Saglio and J.R. Hackman, 'The design of governance systems for small worker cooperatives' (Somerville, Mass.: Industrial Cooperative Association, 1982).

committed to their jobs.[1]

B. Effect of Democratic Work Organisation on Group Relationships and Social Satisfaction

Democratic organisation also has powerful effects on relationships within work groups. Behavioural research has identified work groups as extremely important influences on the job satisfaction and behaviour of individual workers, transmitting attitudes towards the firm and the job that new workers readily absorb. The classic Hawthorne studies of employees at an electrical manufacturing plant, which began as investigations of lighting, rest breaks and other working conditions, found that such conditions were puny influences on productivity compared to the workers' membership in various informal work groups.[2] Before the Second World War, management theorists perceived groups as 'problems': impediments to management's complete control over individual workers, who were considered the basic organisational unit.[3] This emphasis on standardising the behaviour of individuals was a response to the perceived imperatives of large-scale industrialisation, in which management tried to fit people into production lines built around machines. Strongly held group norms against higher production can indeed be a serious problem: in one study, for instance, Newcomb found that a worker ostracised by her work group after trying to

---

1 While scholars have found no consistent link between job satisfaction per se and increased productivity, probably because so many diverse factors affect job satisfaction, it is widely accepted that mentally stimulated and committed workers will work more productively than bored and apathetic ones. Locke, op. cit., pp. 1332-3.

2 For a summary of the Hawthorne work, see G.C. Homans, The Human Group (New York: Harcourt, Brace and World, 1950). See also the discussion in J.R. Hackman, 'Group influences on individuals', Chapter 3 in Dunnette, Handbook of Industrial and Organisational Psychology, pp. 1455-56.

3 For an example of this anti-group view, see M.S. Vitales, Industrial Psychology (New York: W.W. Norton, 1939), p. 691.

exceed the group's informal production norm doubled her output when moved to another group.[1] But precisely because groups are powerful influences, management theory (especially the school known as 'sociotechnical theorists') has now shifted to seeing groups rather than individuals as the basic unit of organisations,[2] and seeks to design groups that will actually add to productivity through interactions among the individual members.[3]

Thurow has said that 'team and not individual productivity dominates industrial processes'; Swap notes that 'industrial workers report being less "jumpy" on the job when their work groups are cohesive'; and Peters and Waterman have argued that 'small groups are, quite simply, the basic organisational building blocks of excellent companies'.[4] Many companies have imported this group focus into structural reforms: quality control circles, Volvo's replacement of assembly line production with autonomous work groups responsible for whole tasks,[5] the creation of ad hoc 'task forces' for developing new products, and in some companies the replacement of a strict chain of command among top management with an 'office of the chairman' in which functions are rotated and discussion is

---

1 T.M. Newcomb, Social Psychology (New York: Dryden, 1954), quoted in Hackman, op. cit., p. 1456.

2 G.P. Shea and R.A. Guzzo, 'Groups as human resources', 5 Personnel and Human Resources Management (1987), p. 325.

3 J.R. Hackman, 'The design of work teams', Chapter 20 in J.W. Lorsch, ed., Handbook of Organisational Behaviour (Englewood Cliffs: Prentice-Hall, 1987), p. 319.

4 L.C. Thurow, Dangerous Currents (New York: Random House, 1983); T.J. Peters and R.H. Waterman, In Search of Excellence (New York: Harper & Row, 1982), both quoted in Shea and Guzzo, op. cit., p. 325; W.C. Swap, 'How groups make decisions: a social psychological perspective', Chapter 2 in W.C. Swap and Associates, eds., Group Decision Making (Sage: Beverly Hills, 1984), p. 53.

5 Autonomous work groups are self-managing small groups of workers who perform integrated tasks and have the authority to handle internal processes as they deem appropriate in order to generate a specific group product, service or decision.

frequent. All these reforms are implicitly 'democratic' in that they de-emphasise strict hierarchy and encourage group members to take more responsibility, even though the companies remain basically hierarchical and owned by non-workers. Behavioural scientists seldom mention 'democracy', however, or draw on the co-operative literature for insights about the design of work groups. Nor have they developed a coherent theory of group operations which can serve as a model for optimal group design, in co-operatives or elsewhere. As Hackman has recently stated, 'existing generalisations about group behaviour are neither strong enough or stable enough to serve as guides for managerial practice'.[1] Or as Shea and Guzzo correctly observe, 'the behavioural sciences appear nearly mute on issues germane to current developments in the workplace, and ... too often their contributions toward understanding improvement of task effectiveness in work groups seem minimal'.[2]

Nevertheless, it is relatively well-established that two basic attributes of co-operatives are highly effective in promoting group norms favouring higher production: participation and autonomy. If workers can participate in group decisions and contribute to the group's welfare, and if the group itself is given some autonomy over organising its own work, job satisfaction and job performance improve. As early as the 1940s one time-study engineer was surprised to discover that a group of piece-rate workers who collaborated in setting their own prices and workflows for new jobs devised estimates which were actually more accurate than those recommended by time study engineers, and worked more productively than

---

[1] Hackman, 'The design of work teams', p. 318.

[2] Shea and Guzzo, op. cit., p. 325.

comparable shops.[1] Another early study found that workers were much more positive about a change in work practices when they had participated in planning it.[2] 'Apparently participation facilitated the acceptance of the new procedures as a group goal, which was thereafter enforceable by the group'.[3] Without participation the group resented the change and actually decreased its production norm; when the group expressed its views through a representative rather than directly, it was less enthusiastic about the change than when all members participated directly. The widest possible participation in business decisions, from the daily organisation of work to the firm's overall strategy, is a central principle of co-operatives; this should aid their productivity.

Group autonomy is also important in eliciting high commitment from group members, by promoting a strong sense of interdependence among them in accomplishing both daily tasks and long-term goals. 'If a group task is challenging, important to the organisation or its clients, "owned" by the group [i.e. the group is largely responsible for its successful completion], and consequential for group members, then a norm encouraging high effort on the task is likely to emerge'.[4] Cummings has found that task effectiveness is enhanced by creating self-regulating work units clearly differentiated from other units.[5] Traditional companies trying to foster a sense of group

---

1 J.J. Gillespie, Free Expression in Industry (London: Pilot Press, 1948), p. 95, quoted in E.E. Lawler, 'Control systems in organisations', Chapter 29 in Dunnette, Handbook of Industrial and Organisational Psychology, p. 1262.

2 L. Coch and J.R.P. French, 'Overcoming resistance to change', Human Relations (1948), pp. 512-32, quoted in Hackman, 'Group influences on individuals', p. 1456.

3 Hackman, op. cit., p. 1456.

4 Hackman, 'The design of work teams', p. 325.

5 T.G. Cummings, 'Self-regulating work groups: a socio-technical synthesis', 3 Academy of Management Review (1978), pp. 625-634.

autonomy have experimented with paying members based on group rather than individual performance, and such techniques have proved effective in improving productivity.[1] Indeed, when solving the group task depends on highly interdependent work by all group members, distinguishing among them in terms of compensation leads to counterproductive competition.[2] These findings about autonomy suggest that co-operatives should be able vehicles in eliciting high productivity from their members. An inherent feature of most co-operatives is high interdependence among the members in performing daily tasks as well as achieving long-term financial success. Members are generally paid the same, work and talk together frequently, and are dedicated to creating an unusual and, they believe, superior working life. All these factors conduce to high commitment and productivity.

Social psychological research into communication patterns in groups also has positive implications for co-operatives. In comparing the effectiveness of communication networks structured as a 'wheel' (i.e., a central leader at the 'hub' receiving information from and rendering decisions to colleagues on the 'rim' who do not communicate with each other) versus those structured as a 'circle' (all members speaking to each other with no leader), it has been found that the more centralised networks perform better on simple tasks, but that 'for more complex activities such as those requiring somebody (i.e. the central person) to operate on the information after it is collected, centralised groups perform more poorly'. In addition, the members of 'circle' groups report greater satisfaction with their group experience, which 'might contribute to the finding that such decentralised groups outperform others on more challenging tasks'.[3]

---

1 Guzzo, 'Improving work-group effectiveness', p. 359.

2 Shea and Gould, op. cit., p. 334.

3 Swap, op. cit., pp. 56-8.

Behavioural scientists would thus appear to have caught up with the co-operative movement's long-standing intuition that the close and supportive relations typical among co-operative members foster business success.

C. Weaknesses of Group-Based Organisations

Groups, however, have weaknesses as well as strengths. They can inhibit as well as liberate creativity, commitment and productivity. As noted above, for example, work groups will sometimes enforce norms in favour of slow working against more productive colleagues. Some recent research is useful in identifying which features of groups are hostile to the business success of co-operatives. Three features stand out.

First, while the quality of group decisionmaking is generally considered superior to that of an individual because more options are weighed more deliberately, group decisionmaking can become severely pathological. Janis, in his well-known studies of 'groupthink' in governments and corporations, finds that no group is immune to the collective self-delusion and censorship of unsettling data which can lead to fiascoes. If the group thinks well of itself and its motives, feels embattled, and places high value on its continued existence, it can veer off into smug and wholly unrealistic decisions. Groups have a better chance of avoiding 'groupthink' if they are used to open disagreement, are not restricted to a small number of regular insiders and are not concerned about pleasing a superior.[1] While co-operatives do not have to worry about pleasing superiors, their capacity to deal with serious disagreement can atrophy as members develop a stake in avoiding confrontation. A number of less serious maladies related to

---

[1] I. Janis, Victims of Groupthink (New York: Houghton Mifflin, 1972), generally Chapters 8 and 9, specifically pp. 197, 208-22.

groupthink are evident in the operation of many co-operatives. The principal one is excessive attention to the group itself at the expense of the group's task. The group becomes so important to the members that they spend too much time meeting, or gravitate towards least common denominator solutions which placate individuals and factions rather than solving problems, or become comfortable with the firm's status quo and lose sight of changes in the market and relevant technology, or become consumed with intrigue and bitter disagreement.[1]

Another group dynamics problem arising in some co-operatives is a kind of anarchy which flows from deep-seated distrust of authority and leadership. Many who joined co-operatives in the 1960s and 1970s were motivated by a fierce ideological commitment to equality and a concomitant disdain for all reminders of hierarchical business organisation. At its extreme this resulted in a 'tyranny of structurelessness', where members' ambivalence towards the exercise of power meant that those who were slacking or hostile were not disciplined, or the workforce refused to delegate any decision to a group smaller than the whole, even on trivial matters like whether to take a work break.[2]

A crucial difference between small worker co-operatives and the groups studied by behavioural scientists is that the studied groups exist as parts of large organisations and as such are subject to various external

---

1 For examples of these sorts of problems in co-operative decisionmaking, see M. Lockett, 'Fakenham Enterprises', CRU Co-operatives Research Monograph No. 1 (June 1978), pp. 92-6; Helge Tetzschner, 'Anarchy or chaos in the dining-house,' Institute of Organisation and Industrial Sociology, Copenhagen (January 1982); R. McKay and B. Barr, The Story of the Scottish Daily News (Edinburgh: Canongate, 1976), pp. 90-95.

2 J. Joreen, 'The tyranny of structurelessness,' in A. Koedt, E. Levine, and A. Rapine, eds., Radical Feminism (New York: Quadrangle Books, 1973); S. Kreiger, Hip Capitalism (Beverly Hills: Sage Publications, 1979); J. Case, and R. Taylor, eds., Co-ops, Communes and Collectives: Experiments in Social Change in the 1960s and 1970s (New York: Pantheon Books, 1979).

checks on their internal processes. In general, outsiders establish them, determine their membership and alter it if necessary, provide feedback, reward or punish group performance, and decide whether the group will survive or disband. Small co-operatives, on the other hand, are self-contained. Ultimately they must respond appropriately to market demands, but in the short and medium term there are no checks to ineffective group dynamics except the group itself. Large co-operatives, which require greater organisation and hierarachy than small co-operatives, can take advantage of those attributes to constitute smaller sub-groups and provide them with feedback. Yet large co-operatives typically are not well-versed in recent findings about group design, and assume too easily that membership in the co-operative alone is enough to elicit maximum productivity from members. They do not make studied use of well-designed subgroups to increase member commitment and task effectiveness.

A second problem for co-operatives suggested by research on groups is the different mix of talents which is optimal for groups which make decisions versus those which implement them. Decisionmaking groups benefit from a mix of personality types,[1] as long as the variety is not so great as to prevent group cohesion. Work groups, however, appear to profit from more uniformity.[2] Co-operatives must both make and implement decisions through the same members. This responsibility for the whole enterprise is a powerful source of commitment for members, but it may have costs.

The third main problem of group behaviour as it affects co-operatives also stands out starkly in comparison to work groups

---

1 M.E. Shaw, Group Dynamics (New York: McGraw-Hill, 1981).

2 A. Tziner and D. Eden, 'Effects of crew composion on crew performance: does the whole equal the sum of its parts?', 70 Journal of Applied Psychology (1985), p. 91, quoted in Guzzo, 'Improving work-group effectiveness', p. 358.

established by larger corporations: how does the co-operative grow beyond the size of a single functioning group? It is clear that groups lose their capacity to generate a sense of identity and motivation as they grow larger. Research shows that as group size increases, some members come to dominate discussion and others grow silent; consensus is more difficult to reach; members have lower job satisfaction; and most crucially, members exert less effort toward task accomplishment, a phenomenon called 'social loafing'.[1] Yet it is equally clear that co-operatives, if they wish to attain business success as conventionally defined, must devise some way of growing beyond a single conference room. Miller and Friesen have divided the life cycle of businesses into five stages: birth, characterised by much struggling and a simple informal structure; growth, which emphasises rapid sales increases and amassing resources after the firm establishes its basic competencies; maturity, in which the firm establishes a more bureaucratic structure as sales and innovation stabilise; revival, in which the firm diversifies its product line and adopts a divisionalised structure to meet the demands of more complex markets; and decline, as firm management becomes too stagnant to move it out of dying markets.[2] Most co-operatives are permanently stuck at the first stage, unable or unwilling to hire non-member

---

[1] Guzzo, op. cit., p. 357. The observation that larger groups lose worker commitment is not new. Durkheim wrote in the 1930s that 'small scale industry where work is less divided displays a relative harmony between worker and employer. It is only in large scale industry that these relations are in a sickly state'. Marx, too, noted that large scale industry, by concentrating many employees into firms where they had only minimal contacts with their employers, aroused 'class consciousness'. E. Durkheim, The Division of Labour in Society (Glencoe, Ill., 1933), p. 356; K. Marx, 'Germany: revolution and counter revolution', in V. Adoratsky, ed., Selected Works of Karl Marx, vol. 2 (New York, nd), p. 470. Indeed, the widespread disaffection with the scale and impersonality of modern industry is a strong force behind both the co-operative movement and the recent work of behavioural scientists to recast organisational design around groups.

[2] Miller and Friesen, 'A longitudinal study of the corporate life cycle', p. 1162.

employees or take in large numbers of new members, spin off new groups with specialised responsibilities, acquire other small firms, or otherwise dilute the purity of their original form. Absent effective methods of worker representation and delegation of authority, the co-operative cannot enlarge beyond a small group without destroying the distinctive features which attracted its members in the first place. Traditional companies, by contrast, can take advantage of the power of groups, if they wish, to motivate workers at all organisational levels and at all phases of their life cycle.

Many small co-operatives deliberately eschew growth to preserve the virtues of smallness: high cohesion, security in each other's competence and low 'transaction costs' in exchanging information and making decisions. 'Alternative' co-operatives, the largest source of recent growth in the co-operative sector, have attracted members precisely because they are thought to avoid the impersonal pursuit of money which is believed to characterise traditional corporations. Thus no-growth can be a rational choice. Even in traditional corporations, researchers have noted to their surprise that workers will preserve group unity at the cost of personal income;[1] and 'most small enterprise owners', two-thirds of whom work by themselves, '"opt for a 'steady-state' business", i.e. shunning growth'.[2] This thesis does not argue that all co-operatives are duty-bound to grow to the maximum size the market will permit. Because it is interested in whether co-operatives can play a larger role in the economy, however, the question of growth must be addressed.

---

[1] W.F. Whyte, Money and Motivation (New York: Harper, 1955).

[2] Cornforth et al., p. 26, quoting J. Curran, Bolton Fifteen Years On: A Review and Analysis of Small Business Research in Britain 1971-86 (London, 1986).

3.3 Representation and Delegation in Large Co-operatives

What does the co-operative literature reveal about the structures small co-operatives have adopted to enable a transition from small firm to medium-sized or large? Relatively little, because few co-operatives have done so. Almost every larger British co-operative -- Scott Bader, Fairblow Dynamics, the 'Benn co-operatives', the Scottish Daily News, and Family Planning Ltd (the subject of Chapter Five) -- converted from an existing traditional business. The same is true of most large co-operatives in other countries. To shed light on how co-operatives may grow large, we must extrapolate from the governance systems of large 'conversion' co-operatives.

Co-operative governance systems, like the governance systems of political units, lie along the whole spectrum from direct to representative democracy. As discussed above, most British co-operatives are still small. Their internal organisation tends to resemble the direct democratic model of the Greek city-state or New England town meeting, holding discussions and making decisions face-to-face, with disputes resolved if possible by gaining a consensus of the total membership. All members are well informed due mainly to frequent informal conversation. Larger co-operatives, by contrast, must employ some method of representation and delegation to enhance efficiency, necessitating more formal organisation and decisionmaking procedures. Jobs become more specialised, expertise becomes less widely distributed, and sometimes non-member workers are hired. There are fewer of the democratic interactions co-operatives theoretically endeavour to embody. A dual system of control grows up: one which the workers use to control the managers on 'big' strategic issues, and the other which the managers use to control the workers on daily questions of workflow organisation.[1] At its most extreme, delegation to the more informed and more expert managers eventually

---

[1] Ibid., p. 135.

becomes total and workers' control becomes formal only, exercised through an annual general meeting which, barring extreme events, ratifies the choices of the permanent managerial corps. This sort of control is analogous to that exercised by shareholders over management in publicly held companies.[1]

One strategy large co-operatives have employed to balance efficiency with democracy is the use of subcommittees and task forces to control management through a smaller number of members, who report back formally and informally to constituent groups on big issues. This is illustrated by the following five examples.

In the well-known co-operative plywood factories in the Northwest USA, where about 15 firms of 80 to 350 members generate sales in the hundreds of millions of dollars (ten per cent of national plywood output) at productivity levels 25 to 60 per cent higher than traditionally organised mills, governance is usually exercised through a board of directors selected annually by workers from among themselves. The board hires a non-member manager; all other administrators, including the treasurer, are selected by the entire workforce. The important decisions are made by the whole membership at annual or semi-annual meetings: dividing the firm's income between investment and distribution to membership, reviewing financial statements and managerial performance, and board election. Special meetings of the membership can be called to make important decisions more quickly.

---

1 In Yugoslavia, where large self-managed enterprises are much more common than in Britain, the literature suggests that they are plagued with problems of false and symbolic participation, the gradual formation of a dominant ruling faction, indiscipline at the point of production, and a segregation between technical experts and the rank and file. See I. Adizes, Industrial Democracy: Yugoslav Style (New York: Free Press, 1971); B. Horvat, 'Workers' management', 10 Economic Analysis and Workers' Management (1976), pp. 197-216; J. Vanek, 'The worker-managed enterprise as an institution', in J. Vanek, ed., Self-Management (Baltimore: Penguin, 1975).

Because board members work alongside other workers, informal communication is easy and frequent. Managers must sometimes struggle to convince the board and members to forego immediate income on behalf of investing in new equipment, but as members gain experience in making business decisions they become more concerned about ensuring the co-operative's long-term health.[1]

Fairblow Dynamics employs 200 workers in a structure still fundamentally similar to that of the conventional company from which it converted. A hierarchical management structure continues to operate; workers are not organised into smaller autonomous work groups, although industrial relations have been good both before and after conversion. Although Fairblow has a number of representative bodies, the two with most effect are the Consultative Group, which acts as a conduit between employees and the board, and the Management Group, which consists of 18 senior managers who meet monthly, or more often when necessity requires, to address firm-wide concerns. The co-operative also has a Community Council directly elected by workers which meets quarterly. Although the Community Council receives reports from the directors, Paton and Lockett found that it 'has spent much of its time searching for a role .... In the absence of substantive issues, much effort went into designing constitutional amendments to make the Council more directly representative'.[2] It has not felt well-informed enough to challenge the directors on important topics. Nevertheless, workers have many less formal conduits to top management.

At International Group Plans, a Washington, D.C. health insurance company of 340 employees and $60m in annual sales, the system of

---

1 Zwerdling, op. cit., p. 92;

2 R. Paton with M. Lockett, 'Fairblow Dynamics' (Milton Keynes: Co-operatives Research Unit, The Open University, 1978), p. 20.

representation involves a somewhat bewildering array of committees. The actual work of selling policies by direct mail and processing claims is done in groups of six to 12 members. Each team elects a leader who attends meetings of a department operating committee, which in turn selects a department co-ordinator as well as a representative to a division operating committee. The division operating committee meets regularly with the corporate operating committee, whose members are selected by the board of directors. Half the board is elected by the workers, and half is appointed by the visionary founder of the company, who like Ernest Bader was the driving force behind turning his already-successful business into a co-operative. Another body handles worker grievances while still another sets employee benefits and working conditions. By common agreement, much time is expended in making this cumbersome structure work -- the 'committee curse', one member calls it -- yet it has proved difficult to get agreement on simplifying it. Members complain that their previous work experience is bad preparation for working co-operatively, and that their other experiences of working in small democratic groups has been too sporadic to have much practical value.[1] In any event, workers' control over long-term planning and financial decisions is considerably less than over daily workflows, and it is clear that managers and committees often have difficulty figuring how to work effectively together.

At Scott Bader, with approximately 500 workers, there are two main representative bodies: the Community Council, comprising 16 workers each elected by a constituency (about 25 workers), and the Board of Directors, which comprises six company executives, two workers selected by the Community Council, and two representatives of the outside community. The

---

[1] Ibid., p. 119. For other examples of how workers feel unprepared by their previous lives to work effectively in co-operatives, see Case and Taylor, eds., Co-ops, Communes and Collectives, op. cit.

Board formulates general policies and hires the management, from first-line supervisors to top executives. All workers, whether members or not, participate in assemblies concerning their own department; these assemblies elect members to a grievance board composed equally of workers and management, which has final authority to settle disputes. An annual general assembly votes on major decisions, including large investments, salary-setting, and distribution of profits. The annual meeting also selects a jury to evaluate the Board of Directors' performance over the last year. If the jury's report is negative on any subject, the Board must take remedial action within three months and report back to the general assembly, which elects a new jury to assess whether the remedy was sufficient. If this second jury is still dissatisfied, two representatives of the Board, two of the Community Council, and two appointed jointly by the Board and Council decide whether the Board should be replaced in whole or in part.[1] Each of these larger co-operatives employs different mechanisms for expressing worker control, and none works perfectly, but all accomplish their basic task: increasing workers' commitment to the enterprise and sense of control over it, while running a profitable business.

Size has complex implications for organisation even in traditional firms, where bigness is commonly assumed to be a central goal of good management. Recent research suggests that size is sometimes a cause of firm structure, sometimes a consequence, and sometimes the product of other variables. Indeed the definition of size used in organisational behaviour literature is so varied and ambiguous that Kimberly argues it is difficult to draw firm conclusions about its effects on firm performance.[2] Gooding and

---

1 Wagstaff, op. cit.

2 J.R. Kimberly, 'Organisational size and the structuralist perspective: a review, critique, and proposal', 21 Administrative Science Quarterly (1976), pp. 593-4.

Wagner have criticised the repeated conclusion of industrial economists that large size leads to net economies of scale in manufacturing, and point out that the size and organisation of a firm's subunits, as well as its overall size and organisation, will affect productivity. The larger the subunits, the lower their productivity. The economic strength of large firms, in their view, flows from their ability to bring more resources to bear on their tasks rather than from any greater efficiency. 'Simply put, larger organisations do appear to perform better in absolute terms, but not in relative terms'.[1] This implies that co-operatives should not all rush to grow larger; they may have greater productivity when small. Nevertheless the greater resources and market power of large firms provide them with competitive advantages not available to small firms, whether co-operatively or traditionally organised.

The special organisational problems and advantages of large co-operatives have received scant attention from co-operative theorists until recently, perhaps because there were few examples to study and large co-operatives seemed an impossible dream. There has also been a tendency in the co-operative movement to suspect large co-operatives as

---

[1] R.Z. Gooding and J.A. Wagner, 'A meta-analytic review of the relationship between size and performance: the productivity and efficiency of organisations and their subunits', 30 Administrative Science Quarterly (1985), p. 478.

inherently undemocratic[1]. Yet closer analysis fails to support this view. First, large companies may be less prone to the factionalism and destructive inbreeding which can cripple democracy in small co-operatives. As Dahl and Tufte observe,

> When group conflicts do occur in the smaller system, they are likely to be explosive .... New leaders, inexperienced in managing conflict, confront one another. Personal antagonisms run high. Ancient but long-suppressed personal resentments erupt. The initial issues in the controversy rapidly expand and, as the dispute waxes, may even be totally lost. Disagreement turns into a quarrel -- and a family quarrel at that.[2]

In large co-operatives, the more diverse membership and greater formality of working relationships can actually benefit democracy by helping defuse personal conflict and providing mediators when it does arise.

Second, while delegation will always result in some inequality of power and influence, even the smallest co-operatives with no job differentiation will manifest inequality due to differences of persuasiveness and knowledge. Professor Kanter observes:

> Participation per se does not always equalize power and may even increase discrepancies. If more poorly informed members sit with the more knowledgeable and skilled in meetings where all ... are theoretically making joint decisions, the less knowledgeable not only may be 'shown up' for their lack of knowledge, thus losing power, but may also be forced to endorse, de facto, the

---

1 It can be argued that imprecise use of the term 'democracy' has inhibited sophisticated thinking about extending it to the workplace. Dahl and Tufte contend that 'democracy' describes a largely autonomous polity where citizens participate directly in decisionmaking, like the Greek city-states. Polities which have direct participation but only partial autonomy, such as the 18th century New England town or Swiss canton, do not qualify as democracies, nor do modern nation-states with partial autonomy and indirect participation. Dahl suggests that the modern attempt to graft popular control onto the semi-autonomous nation-state be called 'polyarchy'. Adapting this terminology to the workplace, the question this section examines is whether 'polyarchic' control of a large business is possible. R. Dahl and E. Tufte, Size and Democracy (Stanford University Press, 1974), pp. 12-13. This thesis continues to use 'democracy' instead of 'polyarchy' to describe even large firms run by their members. The widely known distinction between 'direct' and 'representative' democracy is sufficient when discussing businesses, which in a capitalist economy are never autonomous.

2 Dahl and Tufte, op. cit., p. 130.

> decisions they supposedly helped make. Their right to complain later is lost.[1]

As long as participation in a co-operative is voluntary, members' participation will differ in amount and quality. It is therefore too purist to dismiss large co-operatives simply because their members will not possess identical amounts of power.

Third, delegation can be a democratically chosen business strategy. In general the members of large co-operatives express greatest interest in having direct daily control over their immediate tasks, and are willing to cede control over bigger firm-wide decisions either to representatives or periodic assemblies of the membership or some combination. This is consistent with the findings of Professor Dahl, whose political research indicates that most people no more want to govern themselves than to be their own dentists or bankers. They want to engage professional experts to provide knowledgeable assistance and make decisions within certain delegated limits. Dahl writes:

> It is often said that everyone should have the right to participate in decisions that affect his interests in a vital way .... the fact that decisions on some matter affect your interests in a vital way does not mean that it is necessarily rational for you to insist upon participating. On the contrary, if you believe that there are significant differences in competence with respect to some subject, the more important the decision is to you the more you should, and presumably will, try to have the decision made by the most competent authority. For your own self-interest your participation ought to stop where significant differences in competence begin.[2]

This viewpoint is consistent with the findings of Lischeron and Wall, who found that workers are most concerned to gain control over the aspects of their work they know best. After observing the effects of injecting greater

---

1 R.M. Kanter, The Change Masters (New York: Simon & Schuster, 1983), p. 258. See also R. Paton and M. Lockett, 'Fairblow Dynamics', CRU Monograph No. 2 (1978).

2 R. Dahl, After the Revolution? (New Haven: Yale University Press, 1970), p. 31.

participation in several different firms, they concluded that 'a majority of skilled and unskilled workers had a strong desire to influence local [i.e. immediate job content] and medium-level [i.e. "departmental," such as hiring and promotion] decision-making, whereas only a substantial minority had a strong desire to influence distant-level [i.e. firm strategy] decision-making.... Workers showed a desire for considerable if not complete autonomy in their jobs'.[1] Presumably co-operative members themselves will recognise their own inadequacies and welcome sensible delegation. Members may wish to increase their knowledge and power concerning business decisions, but self-interest dictates that they will listen to expert advice until their own expertise is equal to the task. As Paton observed after studying Fairblow Dynamics,

> Even if everyone below managerial level was given ten votes, the managers and directors would still be the most powerful group. Why? Because they have lots of other resources at their disposal to ensure that their proposals are accepted, and their ideas of what is best for the company will be acted upon. Votes and constitutions deal with formal power and that is only half the story. The other half is influence, or informal power. The most important sources of influence are information and expertise; a person who could persuade people that 'If we do that, this will happen' would be powerful, even if he had no votes at all.[2]

Some theorists suggest that large co-operatives cannot escape becoming dominated by the managerial elite, that degeneration of democracy is inevitable. Michels' 'iron law of oligarchy' -- which holds that a permanent elite will come to dominate any large organisation because of the need for speedy and informed decisionmaking, combined with a psychological

---

1 Cornforth et al., p. 94, based on J. Lischeron and T. Wall, Worker Participation: A Critique of the Literature and Some Fresh Evidence (London: McGraw-Hill, 1977). It appears that co-operatives succeed in delivering much greater job autonomy to workers; the 16 co-operatives studied by the Cornforth group 'all exhibited a reduction in vertical supervision compared to previous arrangements or similar firms that members had worked in'. Ibid., p. 128.

2 Paton quoted in M. Robinson and R. Paton, 'Worker Information Systems & the Development of Large Co-operatives', CRU Working Paper (1983).

need for leaders and the tendency of leaders to feel they 'own' their jobs[1] — has been adapted to co-operatives by Meister, who argues that co-operatives will evolve predictably. 'After a collectivist start, and a second stage bringing in professional management ideas, comes a third stage in which collectivism and managerialism conflict, and a fourth in which the managers triumph and the co-operative degenerates as a democratic organisation'.[2] Cornforth et al. identify three kinds of democratic degeneration: 'constitutional', such as a buyout by outside investors of a profitable co-operative with inadequately protective model rules, as occurred frequently in the 19th century; 'goal', in which pressures from traditional firms forces a co-operative to ape their internal structures, wage rates and wage differentials, choice of product and choice of production technology; and 'organisational', which is essentially the Meister thesis of managers triumphing over workers discussed above.[3] Paton's provocative 1985 essay suggests several reasons for the tendency towards 'goal' and 'organisational' degeneration in large democratic firms.[4] First is the 'power' theory: that those entrusted with management in large co-operatives will inevitably increase their power. Increased power results in increased rewards to managers both inside and outside the organisation; it is also relatively easy to accomplish, because superior information makes managers potent in

---

1 R. Michels, Political Parties: A Sociological Study of Oligarchical Tendencies of Modern Democracy (New York: Free Press, 1949).

2 Cornforth, et al., p. 198, based on A. Meister, Participation, Associations, Development and Change (New Brunswick: Transaction Books, 1984).

3 Ibid., pp. 114-118.

4 R. Paton, 'Why do large co-operatives degenerate? And must they?', Paper presented to the 4th International Conference on the Economics of Self-Management (July 1985), Version II.

influencing decisions.[1] Even when top managers are deeply committed to extending participation, they find it difficult to sustain democracy in a large co-operative. Paton draws on Tynan's work[2] to provide an explanation:

> Active member participation in decision-making will only be sustained if it generates rewards that outweigh the costs. For those whose involvement in the co-operative is primarily an economic exchange, active participation (e.g., by attending meetings) is observed to be very limited. For others ... membership of the co-operative involves both an economic and a social exchange -- and these attend meetings for the recognition, sense of belonging and expression of ideals that they provide. However, participation on this basis is largely symbolic and is in no way a restraint on managerial dominance. Finally, there are those 'activists' for whom the co-operative provides an arena not just for social and economic exchanges but also for the pursuit of some measure of power, or personal effectiveness.
>
> Hence, for participatory self-management to be achieved, at least a significant minority of members must approximate to this third type -- and their involvement must be sustained. But ... activists usually decided fairly promptly that such power as was available was simply not worth the costs incurred.
>
> . . . .
>
> As a result, the careers of 'activists' tended to follow similar courses, with those who set out to challenge or moderate managerial dominance either reverting to non-involvement, or gradually adopting a more managerial perspective.[3]

This ties into the second theory Paton advances for the difficulties of large co-operatives, which he terms the 'worker values' or 'cultural perspective' theory. While many workers will value participation for its own sake, others will value other things more: mostly time for family and

---

[1] A good example of 'power'-based democratic degeneration occurred in 'The Clothing Co-op' (a pseudonym to preserve confidentiality), studied by the Cornforth group, which followed from a worker occupation of a sewing factory. With union help, grants and some member loans they started a co-operative, and within 18 months they had grown to more than 25 workers and had doubled their workspace. Many meetings had accompanied the firm's birth; over time, however, the pressure of work diminished their frequency, and more power was given to the salaried manager. Suddenly the manager announced his departure, with several founder members and important customers, to start a rival firm in the same city. Here the workers simply gave up effective control by letting representative institutions atrophy. Ibid., p. 86.

[2] E. Tynan, forthcoming Ph.D. thesis for the Open University.

[3] Paton, op cit., pp. 3-4.

the increased wages thought to come from division of labour and hierarchy. 'Hence, active participation in decision-making, although vaguely considered "a good thing" and intermittently undertaken, is not seen as important in itself .... At best it is a means to an end, and when such involvement clashes with other values (e.g., family, material rewards), or when it is seen as ineffective in securing other ends, it is rapidly abandoned'.[1]

Paton terms 'functionalist' his third theory to explain the small numbers and poor performance of large co-operatives: most simply, that hierarchical businesses are inherently more efficient. The most sophisticated recent statement of this view comes from Jacques, who argues that innate differences of ability make some people better at management work (i.e., work involving long-term information processing and discretion) and that role ambiguity, common in democratic firms, produces conflict and anomie.[2] The co-operative literature abounds in examples of inadequate appreciation of management skills in large co-operatives; the effects of this on firm performance are varied, ranging from failure to attract good management, pressure on management to take a short-term view popular with workers which is hostile to planning, innovation and investment, and poor labour discipline because of role conflict and ambiguity. However, as earlier sections of this chapter have pointed out, traditional management has many difficulties in maintaining worker commitment, and not all large co-operatives devalue management.

Paton's final theory for explaining the difficulties of large co-operatives draws on recent findings about information processing in

---

1 Ibid., p. 7, drawing on Tynan, op. cit.

2 Ibid., p. 8, quoting E. Jacques, A General Theory of Bureaucracy (London: Heinemann, 1976).

organisations, particularly the work of J.R. Galbraith.[1] He summarises these findings as follows:

> 1. The more complex a task in terms of the number of differentiated sub-units involved and the extent of interdependence between them, the greater the I-P [information processing] required for effective planning.
>
> 2. The more uncertain the task the greater the I-P required during task performance (since the plan is upset by unanticipated events and has to be revised).
>
> 3. The basic mechanisms for reducing the need for I-P are:
>
> (i) rules and programmes - to the extent that work is predictable, these ensure coordination without further communication;
>
> (ii) hierarchical referral - exceptions are referred upwards to a level at which an overview exists to ensure co-ordinated action;
>
> (iii) goal-setting - lower levels are given discretion over task execution so long as targets and specifications are met.[2]

However, as the organisation expands these strategies become inadequate, and more complicated ones must be employed. These include: (1) decreasing the need for information processing, by delegating substantial responsibility to divisions and smaller work groups of all sorts, or by increasing other resources (such as inventory stocks or budgets) which make precise information less necessary; (2) increasing the organisation's capacity for information processing, implemented today largely by computer-based methods of collecting and analysing data for review by management, as well as by creating ad hoc teams for particular projects which draw on many disparate specialties; and (3) decreasing the performance expected of the organisation, which avoids having to recast the information processing

---

1 J.R. Galbraith, Information Processing (Boston: Addison-Wesley, 1973).

2 Paton, op. cit., p. 12.

system.[1]

It is clear that large co-operatives do invest more resources than small ones in internal communications and in rules and procedures. The information processing model is an interesting lens for viewing several other aspects of large co-operative behaviour. As discussed above, it is evident that large co-operatives have difficulty in decreasing their information processing needs by delegating tasks to subgroups. Furthermore, co-operatives seldom have sufficient financial resources to let slack budgets and inventories solve their information processing problems. Paton suggests that a typical response of co-operatives to the problem of growth is to decrease performance expectations: they give up their commitment to broad participation, or accept marginal economic performance. However, some strategies, discussed below, may help co-operatives resolve their information processing dilemmas.

More recent work by a group of co-operative experts disagrees that degeneration of workplace democracy is inevitable, pointing to evidence in some firms of democratic operation over several years. As will be seen in Chapters Five and Seven, workers may grow more convinced about democracy's value after experiencing it. If the founding generation of democratic activists tires and departs, a new generation of activists will sometimes arise to 'regenerate' the co-operative.[2] There is insufficient

---

[1] Ibid., p. 13. One of Paton's suggestions for improving information processing in large co-operatives which is not discussed below is the use of computer-based information systems to improve the speed and quality of information about the firm which is available to decisionmakers, and also to make democratic decisionmaking easier (through electronic 'straw polls', teleconferencing between different worksites, and easier analysis and presentation of data). While these ideas are worthwhile, and Paton himself considers them a particularly promising way of counteracting the 'power', 'values' and 'functionalist' tendencies of large co-operatives to falter, none of the co-operatives studied for this thesis employed such techniques, and thus no conclusions can be drawn about their efficacy. Ibid., p. 17.

[2] Cornforth, p. 199.

long-term data, and co-operatives are too various, to conclude that democratic degeneration is inevitable.

Just as there is no ideal size or structure for every traditional business, there is no ideal size or structure for all co-operatives. The structure must flow from the organisation's evolving needs, which are a product of the members' goals and resources and the environment's constraints. The lessons Dahl and Tufte draw from their study of the effect of size on democratic functioning in polities also apply to co-operatives:

> No single type or size of unit is optimal for achieving the twin goals of citizen effectiveness and system capacity .... Democratic goals conflict, and no single unit or kind of unit can best serve these goals.[1]

Continued experimentation and study is necessary to determine how large co-operatives can be structured to function most effectively, and how small co-operatives can grow into effective large ones. The tiny number of people who have any experience of working together democratically makes such experimentation both difficult and necessary.

3.4 Some Basic Principles of Co-operative Design

Although there are no fixed rules for the design of all co-operatives, any more than for the design of traditional firms, some general principles emerge from examining the historical record of co-operatives in Britain, the recent work of behavioural scientists on group effectiveness, information processing theory and studies of existing co-operatives.

---

1 Dahl and Tufte, op. cit., p. 138. Of course it is very difficult for management theorists to define what an 'effective' organisation is, for traditional firms as well as co-operatives. Is it measured by simple numerical indices such as profitability and sales? Should other attributes be included, such as worker satisfaction, contribution to technological advance, or the ability to provide secure employment? If so, how should they be measured? R. Kanter and B. Stein, 'Foreword' to Zwerdling, op. cit., p. x.

3.4.1 Education

The first is the need for special attention to member education, in all aspects of the co-operative's operations: production techniques, group dynamics, and business skills generally. In small co-operatives without extensive delegation this need is obvious. If everyone contributes to production and long-term planning, and does so through group interactions, the co-operative can ill afford ignorance or inappropriate group behaviour from any member. In large co-operatives the need to delegate adds another layer of complexity. The literature provides many examples of worker ignorance which have undercut the productivity advantages that would otherwise flow from democratic organisation. At Fakenham Enterprises, where the workers occupied the factory to save their jobs and then converted it into a co-operative, the members constantly felt their own inadequacies in finance and management and had to turn to outside sources such as the Scott Bader co-operative, a hired outside manager, ICOM, and the Open University's Co-operatives Research Unit (CRU). 'There was a need for a system of financial control and accounting; for costing and budgeting; for marketing or obtaining contracts .... It was clear that these problems had not been overcome in the first three years of the co-operative. In fact they had been a recurrent problem over this period'.[1] At the Scottish Daily News, the highly politicised worker representatives on the Executive Council regularly overruled the advice of professional managers hired to run the newspaper's daily business, with bad results for efficiency, despite great commitment from the workers to the enterprise. Many co-operative members distrusted expertise and hierarchy of all sorts and were highly suspicious of

---

[1] M. Lockett, 'Fakenham Enterprises', CRU Monograph No. 1 (June 1978), p. 88.

outside advice. The co-operative was regularly immobilised by destructive feuding.[1]

The obvious antidote to ignorance is education. Co-operatives which have their origins in failing traditional enterprises have sometimes lacked the time or financial breathing space to allow members to develop the management, finance and marketing skills necessary to prosper in the long term, although growing sensitivity to this problem has led CSOs, unions and others involved in 'conversion' or 'phoenix' co-operatives to emphasise the importance of substantial help at the beginning. Co-operatives which grow out of healthy concerns, or which start from scratch with members who understand the dimensions of the task, can develop themselves the necessary breadth of business education to avoid ill-informed decisions.[2] We will see in the case studies that successful co-operatives recognise that all members are not equally knowledgeable, skilled, interested and articulate. They try to draw on each member's strengths, but they also recognise that some members have greater skills in finance and accounting, management, production technology, and group dynamics. The educational process tends to be self-regulating: members interested in becoming more involved in the co-operative's operation seek out the knowledge they lack, and others with less interest defer to those with superior knowledge. In terms of group dynamics, even simple lessons can substantially improve the co-operative's

---

[1] McKay and Barr, The Story of the Scottish Daily News, pp. 90-95. De Vries, Manfred and Miller would call this kind of irrational distrust of outsiders the 'group fantasy' of a 'neurotic organisation', more particularly a 'fight/flight' fantasy. The members 'focus so much on the common enemy that they are often unproductive, shortsighted, and misdirected. Their energies are channeled into inappropriate and disruptive acts of aggression'. K. de Vries, F. Manfred and D. Miller, The Neurotic Organisation (San Francisco: Jossey-Bass, 1984), p. 8.

[2] See, for example, R. Paton with M. Lockett, Fairblow Dynamics, CRU Monograph No. 2 (1978); Carl J. Bellas, Industrial Democracy and the Worker-Owned Firm (New York: Praeger, 1972); and the case studies in Chapters Five, Six and Seven.

efficiency: using agendas with time limits at meetings; venting personal disagreements outside working hours; designating a few essential leadership positions and rotating them regularly; and writing the firm's mission and organisational system in a brief 'charter' reviewed annually. Increased training of members comports with implications of information processing theory too: if members fully understand their own tasks, as well as the firm's broader goals, the need for referring decisions to others decreases. (Indeed the argument earlier advanced that 'professional bureaucracies' are well-suited to the co-operative form is based on the high level of training, and thus agreement about basic professional goals and methods, which members bring to the co-operative.) Training members in 'communicative competence' as Paton advocates, meaning 'everything from meetings skills to interpersonal skills', will permit a co-operative to use its information processing resources more efficiently.[1] Vehicles for this training can include courses organised by local CSOs, in-house sessions run by paid consultants, or exchanges with more experienced co-operatives.

CSOs are now beginning to provide some consultancy services which, if co-operatives know to ask for help, can steer them away from obvious pitfalls. Handbooks and pamphlets on co-operative organisation are available. Nevertheless many co-operatives feel isolated, especially at the outset. Experienced co-operative consultants (of whom, of course, there are few because co-operatives are not numerous) could rapidly help co-operatives improve the design of their decisionmaking and production groups and could also, where appropriate, help the co-operative tap sources of technical advice at universities or local technical colleges.

---

[1] Paton, op. cit., pp. 15-16.

3.4.2 Leadership

As discussed above, the fluidity of co-operatives' internal structures may give them an advantage when technologies or markets are shifting quickly. Yet management research also shows that strong leadership is commonly associated with successful new companies. During the 'birth' phase the companies are often little more than extensions of the founder's ideas and single-minded, risk-embracing personality.[1] The concept of leadership does not always sit well with co-operatives, which associate it with 'individualistic, elitist and sexist connotations as a quality of great and powerful men'.[2] A strong leader may have fewer qualms than a co-operative about letting the company grow as fast as possible, regardless of its effect on cozy initial relationships, as long as he or she remains the top officer.

Strong leadership by an individual is not always favourable to business success. The chief executive can visit his or her own personality weaknesses upon the firm, in patterns which follow classic psychological categories of neurosis. In the so-called 'obsessive' firm, the organisation focuses on hierarchy, status, explicit procedures to maintain central control and bureaucratic minutiae rather than new market opportunities.[3] In the 'dramatic' firm, rapid growth and intuitive strategic leaps which will put the chief executive in the limelight are emphasised, often without or in spite of rigorous analysis.[4] Healthy traditional firms 'typically manifest too broad a

---

1 D. Miller and C. Droge, 'The relative determinants of structure in small firms', 31 Administrative Science Quarterly (1986), pp. 539-560.

2 Cornforth et al., p. 147.

3 De Vries, Manfred and Miller, op. cit. pp. 23-32. This pathology is evident in many new firms, where founding entrepreneurs with high needs for achievement and success refuse to cede authority to other creative employees and thus spawn organisations which are excessively bureaucratic and centralised. D. Miller, 'Strategy making and performance in professional entrepreneurial firms', unpublished manuscript, July 1987.

4 De Vries, Manfred and Miller, op. cit.

variety of executive personality styles for any one of them to pervasively determine strategy and structure'.[1] Co-operatives, too, by the collaboration which is inherent in their structure, should be able to avoid the pathologies which single leaders can sometimes enforce on their organisations. Nevertheless, co-operatives like other organisations need leadership: to articulate and revise basic goals, to identify crucial problems and suggest solutions, to galvanise action. The obverse of co-operatives' commitment to equality among members can be a deep distrust of leaders. This was referred to above as the 'tyranny of structurelessness'; it can also be likened to the organisational neurosis known as 'depressive', in which

> the firm drifts aimlessly, without direction .... [It] does not engage in much information gathering to discover the key threats and weaknesses in markets .... Yesterday's products and markets become today's, not so much because of an explicit policy of risk avoidance or conservatism as from a lethargy or blindness to strategic matters .... Most of [managers'] time is spent working out minor details and handling routine operating matters.[2]

These models of the failure of individual leadership support the 'functional-decisionmaking' rationale for worker co-operatives advanced earlier.

Recent research into leadership emphasises that leadership occurs within an organisational context and over time; it is 'a process which is generated across time in a dynamic context of organizational change and managerial work'.[3] That leadership is a two-way interaction between the evolving leader and the evolving organisation is particularly evident in co-operatives, where there may be no formally designated 'leader' and organisational change requires persuading most or all members to a new

---

1 Ibid.

2 Ibid., pp. 35-6.

3 A. Ropo, 'Leadership and organizational change', Acta Universitatis Tamperensis series A v. 280 (University of Tampere, 1989), p. 44.

course of action. If leaders are defined as those who are expected and perceived to make 'consistent, influential contributions to [the] social order' through the application of skill',[1] then does everyone lead in a co-operative, or just a few? If a few, how do they maintain their influence over time without compromising the democratic ideal of equal contributions, or at least equal opportunity to contribute, by all? It is one of co-operatives' goals to 'distribute' leadership broadly so that members can share the stimulation and empowerment that comes from leading. But without the prop of designated managerial positions, how can co-operatives avoid becoming embroiled in constant politicking and internal strife as different members try to assert their views on important subjects?

Ropo's work sets out a typology of leader-organisation interactions over time that adds a temporal dimension to the work of DeVries, Manfred and Miller discussed above. Leaders in traditional firms have a 'proactive' leadership track when their characteristics and skills allow them to transform an organisation which is receptive to being transformed. Leaders who are likely to succeed in this role are sensitive to changes in the external environment, are good at 'pushing' the interests of their own subunit within the larger organisation, and are willing to shake up existing organisational patterns to meet new challenges. Over time, assuming the organisation perceives a need for change, this type of leader is promoted to take on responsibility for transforming the organisation. A 'reactive' leadership track is the course of a capable leader who finds the organisation less receptive to change. The organisation, unwilling to be led, must ultimately react to changes in the external environment rather than

---

1 M.H. Brown and D.H. Hosking, 'Distributed leadership and skilled performance as successful organisation in social movements', 39 Human Relations (1986), pp. 65-79; T. Douglas, Groups: Understanding People Gathered Together (London: Tavistock, 1983), p. 72.

anticipate them. A 'contractive' leadership track is the course of a leader unable to perceive the need for change and/or represent it to the organisation. This leader might be adequate if the environment was static, but instead finds him or herself in an environment demanding change, and in an organisation unreceptive to it anyway. This kind of leader and organisation get in a vicious circle of decreasing ability to manage change.[1] The 'contractive' label is another way of conceptualizing the 'depressive' organisation described above, making explicit the time dimension in which the depressive behavior is expressed by both leader and organisation.

In co-operatives, it is usually difficult to speak of leadership 'tracks' because leaders do not have long-term careers as such. Leadership is widely distributed among the members, and different members take on the job of galvanizing their colleagues at different times and for different purposes. Still, in the two larger case study firms (FP and Measurement Ltd) we will see examples of established leaders who closely follow Ropo's typology of reactive and proactive tracks respectively.

There is no simple solution to the inherent tension between co-operative organisation and strong leadership, if only because the requirements of leadership will change over time. Furthermore, co-operative members will themselves possess leadership ability to different degrees, which may create tensions among them. As with all other elements of organisational design, there is no 'one right way' to lead. Fiedler's research on leadership concludes that 'it makes no sense to speak of a good leader or a poor leader. There are only leaders who perform well in one situation but not well in another'. Some leaders concentrate more on the task at hand and others on intergroup relationships; some accomplish more when the group is squabbling and its task is unclear than they would if the group was cohesive

---

1 Ropo, op. cit., pp. 179, 69-80, 183-7.

and its task was clearly accepted.[1] Each co-operative will need different kinds of leadership depending on its age, size, membership, market and strategy. Nevertheless, two things may help mediate the tension between equality and leadership. First is the growth of a 'common culture', which occurs in all organisations over time through shared experiences, reaching agreement on the organisation's goals, and learning about other members' character traits. Leadership will be less threatening if members have agreed on the problems the co-operative faces. Furthermore, once the common culture takes hold, future members will be selected based partly on their expected degree of agreement with it and the style of leadership it has evolved.[2] In information processing terms, a common culture reduces the amount of communication required to make decisions, by making it possible for members to agree more quickly on where they disagree and on the range of solutions to consider.

Of course, there is an anti-democratic implication in needing to develop a common culture and choosing members purposely to avoid conflict with existing group norms. Democracy among the like-minded is different

---

1 F.E. Fielder, 'The trouble with leadership is that it doesn't train leaders', 92 Psychology Today (1973) p. 26, quoted in Swap, op. cit., pp. 62-3.

2 J. Mansbridge, 'The agony of inequality', in Case and Taylor, eds., Co-ops, Communes and Collectives; P. Bernstein, Workplace Democratisation: Its Internal Dynamics (Kent, Ohio: Kent State University Press, 1976), Chapter Eight. It has been demonstrated that groups, especially at their inception, have trouble 'assessing which members have the special expertise needed for the task, and ... even more difficulty explicitly acknowledging these differences and weighting members' contributions in accord with them'. Hackman, 'The design of work teams', p. 328. The development of a common culture in a co-operative marks the end of this period of uncertainty about fellow members' talents and objectives. The process is a natural one, 'as individuals seek their own niches, and the group as a whole struggles to find a comfortable way to operate', but it may be hastened and improved by self-conscious reflection: 'Groups are likely to function better if they give explicit attention, early in their lives, to the kinds of behaviours that will be valued and the ways work on the group task will be managed'. Ibid., pp. 336-7. See also, V.H. Vroom, 'Leadership', in M.A. Dunnette, ed., Handbook of Industrial and Organizational Psychology, pp. 1527-49.

from modern political democracy, where membership in the decisionmaking group is automatic based on residence and nationality. Yet insofar as employment is a voluntary choice of both employer and employee, selection according to some sort of job-related criteria is inevitable. Recruitment policies are widely recognized to be central in shaping firms' organisational culture. Co-operatives, given their special burdens, probably need to exercise even more discretion in selecting new members than traditional firms. If this is in some sense anti-democratic at the level of the individual firm, a market economy at least allows for many different kinds of firms and organisational cultures, allowing those who cannot find a job in one firm or co-operative to seek membership in another, or start their own.

The second solution to the problem of leadership in co-operatives is education about leadership explicitly tailored to their needs. A brief course could explain the importance of good leadership in traditional businesses as well as the pathologies to which it can be subject, and delineate the different types of leadership co-operatives need at different stages of their development: 'founding' leaders to articulate a clear vision and overcome obstacles while the firm is getting established; 'symbolic' leaders to keep the firm's deeper purposes in view and help members retain their commitment to values beyond short-term personal gain as the excitement of starting the firm diminishes; and 'facilitative' leaders who help others articulate their own goals, encourage discussion and constructive resolution of differences, and are generally committed to the process of democratic participation more than any specific business strategy. Facilitative leadership is especially important in a co-operative. Because members generally lack substantial experience of democratic work at the outset, they will not be good at resolving conflicts smoothly. Many will enter with the 'idea that conflict is intractable and at best vulnerable only to adjudication or toleration', i.e., formal resolution which leaves no one truly

satisfied, or frustrated acquiescence. Facilitative leadership can help develop an internal culture 'that can transform conflict into co-operation through ... participation ... deliberation, and ... education'.[1] But all three types of leadership are needed, often at the same time.

Recasting the argument slightly, co-operative theorists have recently come to stress the importance of 'management', which might be defined as leadership in an ongoing, institutional context. Echoing the multiple definitions of leadership discussed above, Cornforth et al. speak of 'maintenance management' -- of daily operations, workflow, personnel decisions -- and 'management for change', meaning capacity to envisage and persuade others about redirecting the enterprise. Both sorts are necessary. An important role for co-operative managers is not usually learned in traditional companies: educating members about the firm's operations and major choices, so that democratic control can be substantive. This may require new techniques of digesting and presenting information to members, in which managers themselves will need instruction. At FP, the co-operative examined in Chapter Five, a Planning Officer was appointed to identify significant trends and present them comprehensibly to members with the goal of making the co-operative a 'transparent' organisation, i.e. one its members could understand and control. At Suma, a wholefoods co-operative studied by Cornforth et al., the management accountant 'devoted a lot of effort to ways of simplifying the accounts and trying to communicate the main issues involved', and found after two years of experimentation that 'now people are speaking about it as if it is second nature'.[2] Managers must also learn to frame several options for members to consider, and early enough so that

---

1 Saglio and Hackman, 'The design of governance systems for small worker co-operatives'.

2 Cornforth et al., p. 152.

members can make a real choice.

While co-operative leaders need help in democratic management techniques, co-operative members must also learn to recognise and respect managers' contributions. If managers are not members of the co-operative but appointed from outside, there is justifiable fear (as demonstrated in the account on page 101 of the clothing co-operative whose manager suddenly departed with important staff and clients) about insufficient democratic commitment. But even member managers find that other workers do not understand their contributions and revert to waiting for the leaders to resolve disputes, take slaggard colleagues to task and worry about market developments, for no additional pay. It may be necessary to give managers 'more instrumental rewards [i.e. pay] than those who do the everyday work. Otherwise, for them the benefits of control will eventually be outweighed by its costs'.[1] As the co-operative movement grows, it may be possible to give managers a sense of career growth by giving them opportunities to transfer to other, perhaps successively larger, co-operatives. Members could trust such managers' commitment to democracy, and there would be a significant benefit from cross-fertilisation. In the meantime there is ample need for educating members about what managers do and why it is valuable, which again can be accomplished through courses, consultancy and exchanges of information and personnel. 'Self-audits', systematic reviews by members or their designated representatives, can also help members step back and, by putting them in the managers' shoes, help create mutual understanding.[2] Co-operative members will fear leadership less if they understand its importance and diversity of expressions. We will see in Chapters Five and Six that lack of education about leadership (as well as other aspects of

---

[1] Ibid., p. 107.

[2] For a fuller discussion of self-audits, see ibid., pp. 163-65.

management) has contributed to poor decisions, lingering conflicts and other dysfunctional behaviours in the co-operatives studied.

3.4.3 Clarity of Organisational Design

Hackman and Saglio argue that the key weakness of most co-operatives is a poorly designed governance system.[1] The governance system is what members use to set basic policy, settle grievances, set discipline and review the co-operative's overall progress. It overlaps, but is distinct from, the performance system, which is what members use to control the daily work of the co-operative. Except in the smallest co-operatives, the performance system will often be in the hands of 'managers', members to whom daily control of work has been delegated, if only on a rotating basis. The complexity of a governance system will increase as the co-operative grows: for instance, committees of the board of directors in large co-operatives may take on non-directors as members; advisory committees of non-directors may be created to assist the board; a newspaper not controlled by top management may be started to encourage frank exchanges of views; regular meetings of the membership may be chaired by a non-director; subcommittees of members can become expert watchdogs on particular subjects. However complex the structure, it is crucial for everyone to know how the different parts of it fit together. There must be clear rules on when managers must refer matters to the board (for example purchases over a certain limit, or taking on debt, or committing the co-operative to a course of action which will last over six months), when the board must refer matters to the whole membership (matters which may affect the firm's survival such as a change in business strategy or starting a risky new venture, policies concerning the hiring or firing of members, or decisions

---

[1] Saglio and Hackman, op cit., p. 29.

which will alter the co-operative's basic character), and when the grievance procedures may be invoked. In most smaller co-operatives it will be very difficult to maintain meaningful distinctions between the governance and performance systems, especially in times of crisis. Nevertheless, disputes are resolved much more quickly and productively if the mechanism for resolution does not have to be regularly reinvented. Especially because most people are not accustomed to working democratically, structural clarity is extremely helpful to the success of co-operatives.

3.4.4 The Design of Groups and Subgroups

Co-operatives can also take advantage of the prescriptions for more effective group design suggested in recent research. As Shea and Guzzo observe,

> work groups are complex. They contain and are influenced by a multitude of moving parts. It is not surprising that so many parts yield so much frustration about inefficiencies and ineffectiveness. However, it is surprising that so many people act as if effective groups just happen. They usually do not, and, when they do, they often reflect conscious management.[1]

Various 'performance strategies', i.e., techniques to enhance group effectiveness, can be adopted depending on the nature of the task before the group. 'Brainstorming', for example, designed to elicit the widest possible spectrum of new ideas on a given subject, involves a moderator writing down on a board all ideas suggested by the group and forbids criticism of any idea until no one has any more. The Nominal Group Technique is more oriented towards making decisions; it 'calls for stages of silent thinking, public reporting of ideas, brief clarification of ideas, and voting'.[2] Other performance strategies exist, and 'evidence shows that they can be quite

---

[1] Shea and Guzzo, 'Groups as human resources', p. 343.

[2] Guzzo, 'Improving work-group effectiveness', p. 359.

useful in improving the performance of decision-making groups'.[1] One of the simplest, and most neglected, is defining clearly what the group is to accomplish. 'Groups, like individuals, have a hard enough time succeeding even when they know what success looks like, let alone when they have few or no clues. A [group] charter need not be lengthy, only clear'.[2] Co-operatives usually have a good idea of their general objectives, which must be set down in their legal registration documents. They more typically have trouble defining the short-term goals around which daily work and short-term planning can be built.

Research has also shown that redesigning the task the group is to perform, rather than modifying the performance strategy the group is to employ in solving it, may be the most successful way to improve task effectiveness. Hackman observes that 'while norms do emerge in groups that encourage especially high or low effort, such norms usually develop as a reaction to how things are set up, as a means of coping with the group task and work situation'.[3] As discussed above in Section 3.2, 'jobs that require the use of many rather than few skills, that are whole rather than partial, important rather than trivial, and which provide workers lots of performance feedback and autonomy are jobs that motivate high performance in groups'.[4] Small co-operatives are naturally well-suited to generating jobs with all these attributes but one: feedback. Without hierarchy or some outside review, the only feedback on the co-operative's effectiveness is the crucial but very long-term one of market success. (Large co-operatives, like large firms, will have enough diversity of membership and levels of hierarchy to

---

[1] Ibid.

[2] Shea and Guzzo, op. cit. p. 344.

[3] Hackman, 'The design of work teams', p. 325.

[4] Ibid., p. 361.

provide subgroups with feedback, if they are conscious of its importance.) To obtain feedback, small co-operatives could periodically invite outside consultants to review operations, exchange written business plans among a network of other co-operatives, rotate a few members out of a series of group discussions to hear a fresh viewpoint once group deliberations were finished, or create parallel sub-groups working independently on the same problem. We will see in the case studies, however, that few members of co-operatives are aware of the research concerning the importance of feedback, or of any other management research for that matter. Thus inadequate feedback on group performance is a problem for co-operatives of all sizes.

The final factor identified by research as important to work group effectiveness is often missing from co-operatives despite its obviousness: resources adequate to the job. Because of lack of finance, business experience, and the other hurdles facing small businesses, co-operatives can seldom bring to bear enough money, time, educational resources, or members practiced in intelligent group design to ensure a successful outcome. Instead the group processes are unreflective, ad hoc, managing a succession of crises with skimpy resources. Such procedures are not always inimical to business success,[1] but co-operatives' precarious existence often deprives them of the time and attention to learn from mistakes. Gooding and Wagner argue that

---

[1] From a long study of the Canadian National Film Board, for example, Mintzberg and McHugh conclude that successful business strategies 'grow initially like weeds in a garden; they are not cultivated like tomatoes in a hothouse'. They cite the Honda Motor Company's foray into the American motorcycle market as an example of ill-informed improvisation slowly becoming a powerful strategy as the Japanese managers learned from their mistakes. The Japanese managers described to researchers 'a myopic and disorderly process in which they fumbled upon their realized strategy despite themselves. What made that strategy brilliant was not foresight but a capacity and willingness to learn, supported by a tolerant organisation and its committed personnel'. H. Mintzberg and A. McHugh, 'Strategy formation in an adhocracy', 30 Administrative Science Quarterly (1985), p. 194.

large firms are not more efficient, only more richly endowed with resources relevant to their task; and group effectiveness is one element of business success helped by bountiful resources. Hackman observes that helping a group improve its effectiveness 'involves doing whatever is possible to create multiple, redundant conditions that together may nudge the group toward more competent task behaviour and, eventually, better performance'.[1] Cornforth et al. speak of the importance of 'slack', both in terms of financial and human resources.[2] We will see in the case studies of successful co-operatives which follow that each of them had richer resources at the outset -- money, quality of personnel, experience in democratic groups -- than most co-operatives.

3.5 Conclusion

For most of this century, democratically organised firms have been thought inherently inefficient and thus irrelevant to the general economy. Recent empirical evidence reviewed in Chapter Two, though limited, shows that co-operatives' economic performance is frequently equal to or better than that of traditional firms. This chapter has reviewed the theoretical literature which can explain the sources of internal strength and weakness in co-operatives' performance. The work reviewed in this chapter demonstrates that small co-operatives offer most or all of the attributes of small workgroups now being touted as ways of boosting productivity in traditional companies: skill variety, task identity, task significance, participation and autonomy. Leaving aside whatever benefits democratic workplace organisation may have for individuals and for the strengthening of democratic society, worker co-operatives can make good business sense,

---

[1] Hackman, op. cit., p. 339.

[2] Cornforth et al., pp. 204-7.

which the case studies will confirm. They have weaknesses: the possibility of 'groupthink' and its derivatives, reluctance to grow, no clear models of management performance, and a general shortage of potential members who combine the business and group skills required. But most of these problems can be overcome with proper education and consultancy, especially if the co-operative finds a business niche, such as a start-up firm in a fluid market or a professional bureaucracy, where the attributes of 'organic' structures are valuable.

If traditional companies import more group-based reforms into their structures, workers may feel less alienation and less need to strike off into the relative unknown of co-operatives. That is especially true of large worker co-operatives, where capital requirements and the challenges of creating a system of delegation, representation and leadership -- with few proven models to draw on -- are more daunting than in smaller co-operatives. On the other hand, the growth of less hierarchical, more consultative structures in traditional companies may generate a pool of workers with experience in working democratically and a taste for more. Even if large firms and co-operatives are left aside, the present structure of the British economy creates ample opportunity for small co-operatives. Enterprises employing fewer than 200 people comprise more than 90 per cent of all manufacturing enterprises. They employ more than one-fifth of all workers and produce one-fifth of the country's net output. This does not include workers in service industries, construction or mining.[1] Demographic changes, including the increasing educational level of workers, the larger number of women workers, and the increasing importance of services where capital

---

[1] J. Curran and J. Stanworth, 'Bolton ten years on: a research inventory and critical review', Chapter 1 in J. Stanworth, A. Westrip, D. Watkins, and J. Lewis, eds., Perspectives on a Decade of Small Business Research (Aldershot: Gower, 1982), p. 8.

requirements are less than in manufacturing, may also boost demand for democratic structures, inside traditional firms and in co-operatives. Those who wish to start democratic firms should take advantage of the growing literature on effective group design; those who study group design should draw more heavily on the experience of co-operatives, particularly to identify how democratic groups can grow and replicate themselves.

CHAPTER FOUR

Women's Employment: A Role For Co-operatives?

4.0 Introduction

This chapter examines whether the attributes of co-operatives might correspond with the needs of women in paid employment. It first assesses what those needs are, by reviewing the literature and government statistics on women's employment. The picture emerging from that review is sobering, indicating that most women need to work to provide for themselves or their families but that women are paid considerably less than men and have fewer promotion possibilities, that sex segregation of work is entrenched, and that women's disproportionate home responsibilities require many to take part-time jobs and to leave paid work for long periods. Co-operatives' commitment to equal pay, job-sharing, good working conditions and minimum hierarchy would seem in theory to offer women many valuable features absent from most jobs open to them. The chapter examines the literature which can shed light on this hypothesis. It concludes with 'mini case studies' on two all-women's co-operatives, quite dissimilar in their product, purpose and membership, which nevertheless both demonstrate strong congruence between what women workers often seek out of work, and what the co-operative form offers.

4.1 The Status of Women in Paid Work

4.1.1 Literature Review

With a few notable exceptions, rigorous scholarship on women's work, paid and unpaid, has become available only recently. It has been difficult for economists to measure the value of women's labour in terms that are familiar to them. The jobs traditionally occupied by women predate the money economy, and statistical measures of output, such as the gross national product, exempt unremunerated labour such as housework from their scope even though it has obvious social benefit and economic significance. As J.K. Galbraith has noted, 'what is not counted is often not noticed'.[1] Some studies purporting to describe the 'British worker' have entirely excluded women, as John Goldthorpe has repeatedly done by utilising an all-male data base.[2] Kahn and Kohen argue that economists are still a fair distance from constructing a theory competent to explain sex-based pay differentials,[3] and Chiplin and Stone note the paucity of analyses of methods of discrimination, especially regarding hiring practices.[4]

In the past decade, however, the massive increase in the number of women in paid work, particularly married women, coupled with the efforts of the women's movement, have prompted academics to look more closely at

---

1 J.K. Galbraith, Economics and the Public Purpose (London: Andre Deutsch, 1974), p. 33.

2 J.H. Goldthorpe, D. Lockwood, E. Bechhofer and J. Platt, The Affluent Worker: Industrial Attitudes and Behaviour (Cambridge: Cambridge University Press, 1968), p. 4; J.H. Goldthorpe, D. Lockwood, E. Bechhofer and J. Platt, The Affluent Worker in the Class Structure (Cambridge: Cambridge University Press, 1969), p. 36; J.H. Goldthorpe (with C. Llewellyn and C. Payne) Social Mobility and Class Structure in Modern Britain (Oxford: Clarendon Press, 1980), p. 39.

3 H. Kahn with A. Kohen, 'Economic perspectives on the roles of women in the American economy', Journal of Economic Literature (13 December 1975), p. 1258.

4 B. Chiplin and P.J. Sloane, Sex Discrimination in the Labour Market (London: Macmillan, 1976).

women's employment. Funding has become available for studies of wages for housework, discrimination, volunteer work, occupational segregation, earning differentials, and the economics of marriage, fertility and divorce. As yet there is no 'economic woman' to stand with the long touted 'economic man', but there is now some thinking in this direction.

What does the existing body of research reveal about the nature of women's work? First, recent studies have shown that women's motives for working are identical to men's, namely: financial necessity, social camaraderie and personal development.[1] This is a departure from most earlier studies, which found that only women's desire to work required explanation, men's being understood as natural and inherent.[2] Second, women's relegation to essentially repetitive, low-skilled work dampens their commitment to that work, thereby reinforcing their tendency to fulfill the culturally accepted role of wife, mother and homemaker. Wild and Hill's investigation of 2000 female workers in the electronics industry, for example, showed that monotonous, unchallenging work was responsible for the extraordinarily high absenteeism and turnover rates. They found that sex discrimination in the electronics industry was costly, not only to the self-respect and image of women workers but to the industry itself, which lost millions of pounds annually from excess labour mobility. Other

---

1 D. Gowler and K. Legge, 'Dual-Worker Families', Chapter 6 in R.N. Rapoport, M.P. Fogarty and R. Rapoport (eds.), Families in Britain (London: Routledge and Kegan Paul, 1982).

2 Myrdal and Klein noted as early as 1956 that 'the numerous investigations into the motives of married women in accepting gainful employment are not matched by other studies examining the question of why married women, when they have no small children to look after, do not work outside their homes'. A. Myrdal and V. Klein, Women's Two Roles (London: Routledge and Kegan Paul, 1968), p. 88.

economists have made similar points.[1]

Third, social expectations about women's role have impeded women's educational preparation for paid work. From an early age, fewer girls than boys study science, technology, computers and economics. While in the early 1980s girls averaged more CSEs and 'O' levels and the same numbers of 'A' levels as boys, female passes fell mainly in the arts, social studies and domestic crafts. Fewer girls than boys attended university even when they had the same number of 'A' levels.[2] These educational choices disadvantage women, who disproportionately lack the skills in the subjects most relevant to careers in business and the professions, and the confidence that comes from mastery of such skills.

Fourth, and most important for this thesis, women's participation in waged work continues to be heavily constrained by domestic responsibilities, despite changing attitudes about sexual equality. Oakley has shown that while many husbands or male partners are now accustomed to some participation in housework and child care, their participation is generally on a 'helping' basis; while attitudes have embraced the principle of equality in home and child care, behaviour has not kept pace.[3] It is not that women are inherently 'not so committed' to their jobs, as Young and Willmott suggest;[4] they simply have other demands on their time. In general, women

---

[1] R. Wild and A.B. Hill, Women in the Factory: A Study of Job Satisfaction and Labour Turnover, Institute of Personnel Management (1970); I. Bruegel, 'Women as a reserve army of labour: a note on recent British experience', Feminist Review 3 (1979) 19. Paul Samuelson has argued that the removal of labour market discrimination against women would increase the gross national product. P. Samuelson, Economics (New York: McGraw-Hill, 10th ed., 1976).

[2] G. Joseph, Women at Work: The British Experience (Oxford: Philip Allan, 1983), p. 161. See also CSO, Social Trends (London: HMSO, 1983), pp. 147-9.

[3] A. Oakley, 'Conventional Families', Chapter 5 in Rapoport, Fogarty and Rapoport, Families in Britain.

[4] M. Young and P. Willmott, The Symmetrical Family (London: Routledge and Kegan Paul, 1973), p. 116.

who must or who choose to maintain a job while assuming primary responsibility for children and home lead particularly complicated lives, full of strain and juggling. Many must journey in and out of waged labour to satisfy their dual roles, and/or take part-time employment (discussed in Section 4.1.2(D) below).[1] The relatively low status, pay, and career prospects of the jobs held by most women are both cause and consequence of their disproportionate responsibility for care of the home and children.

4.1.2 Recent Statistical Trends in Women's Paid Work

A. Numbers of Women in Paid Work

Throughout this century women have constituted at least 30% of the British workforce, and in 1990 more women were in paid employment than ever before. Female participation in the economy has been expanding quite consistently for the last thirty years: 37% of women were economically active (i.e., employed or seeking work) in 1961 compared to 43% in 1971, 47% in 1977, and 53% in 1989.[2] Of working-age women (16-59), 71% were economically active in 1989.[3] After a lull caused by the recession of the early 1980s, which coincided with an increase in the birth rate, job

---

[1] In the 1980s, unemployment and underemployment were important elements in the social, economic and political fabric of Britain. This prompted discussion of the value of a shorter work week, part-time employment, job sharing, co-operative work and other flexible labour practices. Researchers and policymakers seeking understanding about the practical strengths and weaknesses of flexible working arrangements would be advised to investigate women's labour market record. Women have long experience at finding employment within narrow opportunities, at carving out niches in generally unwelcoming environments. They journey in and out of paid employment upon marriage and childbirth. Many work part-time or at home to satisfy family and financial needs simultaneously, and women predominate among those who job-share. The unemployed and underemployed 'British worker' might profit from studies of 'his' traditionally invisible half.

[2] CSO, Social Trends (1983), p. 52; A. Dale and J. Glover, 'An analysis of women's employment patterns in the UK, France and the USA', ED Research Paper No. 75 (London, 1990), p. 3.

[3] 'Women in the labour market', Employment Gazette (Dec. 1990), p. 619.

opportunities for women expanded through the Eighties, especially in the service sector. These opportunities were accompanied by the growth of the women's movement, a more general acceptance of the view that women and men should be remunerated equally for doing comparable work, and the enactment of several laws designed to combat some aspects of employment discrimination against women.[1] The female labour force increased by 1.6 million, nearly 20%, between 1983 and 1989 compared to 0.6 million for the male labour force; in 1989, over 40% of employed people aged 16-59 were women.[2] The Department of Employment expects 'women [to] account for virtually all the net increase of the labour force [from 1990] to the end of the century'.[3]

There is a large reservoir of potential female workers that can fill any forseeable demand for a larger labour force. The official unemployment statistics tell only part of the story. Women's unemployment rate is considerably less than that for men: the number of men registered as

---

[1] Parliament has enacted two primary laws designed to combat sex discrimination in the labour market: the Equal Pay Act 1970, implemented fully in 1975, and the Sex Discrimination Act 1975. Together, the two Acts were designed to provide a comprehensive remedy to women's disadvantaged labour market position. The Equal Pay Act 1970 legally mandates equal rates of pay for women and men engaged in the same work, or for work that has been judged comparable under a job-evaluation scheme. The Sex Discrimination Act 1975 has as its main purpose the promotion of equal access to jobs and covers hiring, training and promotion; it also established and empowered the Equal Opportunities Commissiion (EOC) to enforce provisions of the 1970 legislation. Both Acts aim at eliminating discrimination, with the Equal Pay Act targeting wage discrimination and the Sex Discrimination Act prohibiting discrimination in employment on the grounds of sex or marital status as well as in advertising, education, services and retailing. These Acts do not affect discrimination by the state through laws governing social security, pensions, taxation and the family. In 1984, a ruling was introduced under the Equal Pay Act that comparable work must be equally remunerated -- that is, that employees may claim for equal pay if a colleague of the opposite sex is earning more for performing equally valuable work.

[2] DE, 'Labour market & skill trends' (1990), pp. 14, 22.

[3] 'Women in the labour force', p. 620.

unemployed in September 1990 was 1.2m, or 7.3% of economically active males, while the number of women was 415,000 or 3.5% of economically active females.[1] Yet the definition of 'economically active', which adds to the number of women in waged labour those registered for unemployment, undercounts the number of women genuinely desiring to work outside the home. Many eligible women do not register for unemployment: those unaware that they qualify for benefits, who object in principle to collecting them (perhaps if they have a private income or another wage earner in the family), or who do not see themselves as unemployed. This last category is particularly numerous, including new entrants, those returning to work after caring for children or an elderly relative, maintaining the house or performing social functions in support of their husband's paid work, recovering from a disability or sickness, or the newly widowed or divorced. All these women are genuinely unemployed, yet all remain outside the official statistics. The statistics also exclude women who work in capacities outside the purview of the authorities in the black economy, such as sewing, child-minding, cleaning house or fixing cars; the Department of Employment notes that 'it is possible that some heads of household filling in the Census forms might classify women who worked only a few hours a week or who were seeking work informally, as housewives rather than economically active'.[2] Finally, women who work part-time only because full-time work is unavailable are also not considered 'economically active'.[3] The 1989 Labour

---

[1] DE Gazette (Nov. 1990), p. S23. When the definition of 'unemployed' was changed in 1982 to count only those claiming benefit at Unemployment Benefit Offices, 'the immediate effect was to remove five per cent of men and 14% of women from the official statistics of unemployment'. Equal Opportunities Commission, Women and Men in Britain: A Statistical Profile (1986), Table 3.1, p 17.

[2] DE, Employment Gazette (Feb. 1983), p. 53.

[3] DE, Labour Research (Mar. 1982), p. 61.

Force Survey suggested that 846,000 women would have liked paid work but could not undertake it because of family commitments.[1] But even if one looks only at the official unemployment statistics, which as of September 1990 showed 415,000 women seeking work but unable to find it, there is clearly a large pool of women unable to work but willing to. They might be attracted to a non-traditional setting such as a worker co-operative.

B. Pay and Conditions for Women in Paid Work

Women work in all sectors of the economy, comprising one-half of all non-manual workers and over a quarter of manual workers.[2] Statistics demonstrate that female labour is particularly concentrated in lower-grade blue-collar jobs (for example, packers and cleaners) and the lower levels of white-collar and professional jobs (for example, clerical workers and nurses). In 1989, 36% of women working full-time were in clerical and related occupations.[3] Women's concentration in the service industries -- in 1989 81% of women were employed in services, compared to just over half of men[4] -- afforded them some protection from the worst effects of Britain's economic decline at the start of the 1980s, which hurt manufacturing employment the most. But males continue to be over-represented in the skilled manual categories and in white-collar supervisory and professional work. Because managers, administrators and professionals are expected to comprise 80% of projected employment growth between 1990 and 2000,[5] women may have an opportunity to redress their poor representation in these

---

1 'Labour market and skill trends', p. 16.

2 DE, Labour Research (Mar. 1982), p. 60.

3 'Women in the labour market', Table 13, p. 640.

4 Ibid., p. 640.

5 'Labour market and skill trends,' p. 26.

categories.

In earnings, sex-related differences are acute. While the differential in hourly wages narrowed significantly in the early Seventies as the sex equality legislation took hold, no substantial progress has occurred since 1977. Between 1970 and 1977, the ratio of women's hourly earnings to men's improved from 63% to 76%. By April 1990, however, the ratio had only improved one percentage point, to 77%.[1] The hourly earnings ratio does not fully reflect the actual income differential between men and women, since men work more overtime. If weekly earnings including overtime rather than hourly earnings are measured, women on average earn only 68% of what men earn. Lewis concludes that the differential is not caused mainly by paying women less for the same job a man performs, but by 'different employment patterns and other labour force characteristics, such as proportions in different occupations and length of time in jobs'.[2]

Apart from the pay differential, men's employment is generally superior to women's. Women's earnings hit a ceiling earlier than men's. Men have better promotion possibilities. In the Home Civil Service, for example, where job classifications are easily ranked, women in 1984 comprised 76.4% of the lowest-ranking grade (Clerical Assistant), zero per cent of the highest grade (Permanent Secretary), and no more than six per cent of the four highest grades.[3] In 1989, only 0.5% of executive directors and 3.9% of non-executive directors in the CBI's top companies were women. Fewer than three percent of university professors were women, and five percent of

---

[1] A. Hopley, 'Equality now - or perhaps a bit later...', Equal Opportunities International 3 (1984) 31, 36; EOC, Women and Men, op. cit., p. 29; C. Lewis, 'Pay in Great Britain', Employment Gazette (Nov. 1990), p. 572.

[2] Lewis, op. cit.

[3] EOC, Women and Men, pp. 30-1.

MPs.[1] Men are given more opportunities to work overtime than women and do more shiftwork. Men are able to work steadily, generally expecting and receiving no leave for paternity. Although men and women take the same number of days off for sickness, employers believe that women are more often absent and make decisions accordingly.[2]

The sex discrimination laws have been helpful to women, but they have not 'de-ghettoized' their work or 'involved the majority of women in forms of labour that clash with the cultural definitions of women's domestic identity'.[3] In 1982, the Economist reviewed the legislation's effects:

> Women these days seldom encounter the sort of direct discrimination that can be cited to satisfy a court. They are simply discouraged from applying for non-traditional jobs. And they are not given the chance to train for them: only 2% of the apprenticeships for skilled manual jobs go to women and only 3% of the places in management training.[4]

McIntosh comes to a similar conclusion:

> The statistical picture is one of profound differences between the way men and women are employed: differences in the way women are recruited; in their entry qualifications and in-service training; in the jobs they do; in their hours of work, basic and overtime; in pension, sick pay, and other benefit rights. These differences go much of the way to explaining the great differential in earnings between men and women, which is barely touched by equal pay legislation; and they describe a pattern of segregation and differentiation which is patently beyond the reach of existing legislation against sexual discrimination, even if it were the object of such legislation to change the pattern.[5]

---

1 'Automatic males, back door females', Employment Gazette (Dec. 1990), p. 592.

2 M. McIntosh, 'Women at work: a survey of employers', Employment Gazette (Nov. 1980), p. 1148; Office of Population, Census and Surveys, General Household Survey 1979 (London: HMSO, 1981), Table 5.18.

3 H. Wainwright, 'Women and the division of labour', in P. Abrams (ed.), Work, Urbanism and Inequality (London: Weidenfeld and Nicolson, 1978), p. 171.

4 Economist, 'Separate but unequal' (20 Feb. 1982), p. 31.

5 McIntosh, op. cit., p. 1149.

C. Married Women in Paid Work

In Great Britain, 93% of women between the ages of 25 and 59 are married, widowed or divorced.[1] About 80% of the female population become parents,[2] and 70% of married women work outside the home.[3] Married women are the most numerous group of female workers, and their experience in the workplace reveals some of the structural barriers facing all women who wish to enter, stay and advance in paid work.

At marriage, 73% of women occupy jobs of similar or higher occupational status to their husbands; the figure drops to 56% for women with children of five years.[4] The inherent disadvantages of 'women's work' described above, combined with the fact that many married women either cannot find work at all or must accept only part-time jobs while caring for children, elderly and infirm people, ensure that wives remain the 'secondary' wage earner in the family,[5] if they can leave the home at all. In 1980, 85.5% of full-time working wives made less than their full-time working husbands, 5.5% made the same, and only nine per cent made more.[6] Nevertheless, married women's earnings are vital to family income and welfare. In 1975 the Central Policy Review Staff found that wives' wages prevented the number of families living under the poverty line from being four times

---

[1] CSO, Social Trends 1983, Table 1.3, p. 13.

[2] J. Busfield and M. Paddon, Thinking About Children (Cambridge: Cambridge University Press, 1977), p. 133.

[3] EOC, Women and Men, p. 32; 'Women in the labour force', Table 7, p. 633.

[4] R. Leete, 'Changing patterns of family formation and dissolution in England and Wales', 1964-76, OPCS Studies on Medical and Population Subjects 39 (London: HMSO, 1979).

[5] D. Gowler and K. Legge, 'Dual-worker families', p. 140.

[6] EOC, Women and Men, p. 32.

higher.[1] Twenty per cent of all non-pensioner households depended entirely on women's earnings, sometimes supplemented by social security benefits.[2] Higher family income correlates closely with whether the wife works. In 1982, wives worked in 14.8% of families earning between £80 and £100 weekly, compared with 78% of families earning between £375 and £450. Financial necessity remains the strongest inducement for married women to work and to keep working after having children, a trend which increased from 1980 to 1990.[3] Preferential access for men to the best paying and most interesting jobs on the grounds that they support spouses and children thus does not reflect the substantial numbers of women who are sole, primary or significant household earners.

D. Part-Time Work

A common response of married women to the conflicting demands of financial necessity and family responsibility is to opt for part-time work. Part-time work permits greater flexibility and attention to home life, but at

---

[1] DE, Employment Gazette (Feb. 1983), p. 78, n.B.

[2] H. Land, 'Women: supporters or supported?' in S. Allen and D.L. Barker (eds.), Sexual Divisions and Society: Process and Change (Tavistock: London, 1976), p. 116.

[3] Economist (11 Aug. 1990), p. 58. While women bear a substantial economic cost in terms of foregone income and career potential from their heavy home responsibilities, the government gives no protection or benefits to homemakers despite widespread acknowledgement that this work has great social importance. A housewife earns whatever her husband decides to share, with no guarantee of security, support, sickness allowance, holidays, retirement, or even recognition of her contribution. Women's 'pay' for work in the home depends entirely on their partners' income and largesse. A life of housework does not qualify a woman to an old age pension in her own right, to social security benefits or to assistance in disability. Social security provisions deny married women the increases for additional children received by married men drawing sickness or unemployment benefit, even though both are paying in the same contribution. K. O'Donovan in D. Spender (ed.), Men's Studies Modified: The Impact of Feminism on the Academic Disciplines (Oxford: Pergamon Press, 1981), p. 184.

the cost of considerably lower wages per hour, poorer working conditions and decreased job security compared to full-time work.

In 1951 roughly 13% of female waged work was done on a part-time basis. In 1975 the figure was 23%. By 1990, it reached 42%.[1] Two-thirds of women with dependent children (who comprise 40% of all working women) work part-time.[2] These figures do not include the numbers of women employed at minimal rates in home-based jobs: finishing from textile factories, typing, leafletting. The growth in Britain's part-time sector has been most influenced by the greater numbers of married women seeking waged labour, earlier marriage and smaller family size, and a long-term shift in the economy towards services, where part-time work is more common than in manufacturing. Just over half of employed married women in 1989 worked part-time, compared with around a quarter of non-married women.[3]

Part-time women workers comprise 54% of the nation's cleaning and catering workers, 41% of the personnel workers, 31% of unskilled manual labourers and 17% of clerical workers, but only 2.7% of part-time women are in management.[4] Women working part-time represent the most poorly paid of all British labour: in April 1980 their average hourly rate was £1.67 while full-time female labour earned £2.06/hour and full-time males £2.87/hour.[5] Although the sex discrimination laws have somewhat improved female full-time rates, they have not made a corresponding improvement in the remuneration of female part-timers. In 1980, not one occupational group of

---

[1] Labour Research (Mar. 1982), p. 60; DE, Employment Gazette (Nov. 1990), Table 1.1, p. S8.

[2] EOC, Women and Men, p. 26.

[3] DE, Employment Gazette (Nov. 1980), p. 1145; EOC, Women and Men, Figure 3.4, pp. 20-1; 'Women in the labour market, Table 13, p. 640.

[4] Labour Research (Mar. 1982), p. 63.

[5] Ibid.

female part-time workers was paid the average full-time male rate of £2.87 an hour. Only in nursing did part-timers earn more than the average female full-time wage of £2.06/hour, but this affected merely six per cent of all part-time female workers. In 1980, 94% of female part-time workers were paid less than three-quarters of the average hourly male full-time rate. In all occupational categories save for nursing and assembling, women would earn more per hour if they worked full-time.[1]

Lower average hourly wages are only one way in which part-time work is inferior for women. National Insurance regulations exempt an employer from contributing if the employee earns below a wage threshold which many part-timers do not reach. In 1981-82 this exemption spared employers some 13% of their total wage bill.[2] Workers whose earnings are under the National Insurance threshold are also denied redundancy payments, maternity benefits and minimum periods of notice or legal consideration against unfair dismissal. At times of uncertain demand and rapid diffusion of new technology, part-time workers permit employers considerable flexibility in meeting peak work loads, without requiring them to pay full benefits or be constrained by the laws safeguarding employment rights.

Part-time women workers seldom receive effective representation by unions as the interests of women, especially part-time women, are commonly seen to conflict with the interests of the full-time male membership.[3] Although unions contain three male members for every female

---

[1] DE, Employment Gazette (Nov. 1983), p. 1145.

[2] Many women see little reason to join unions, whose record on behalf of female workers in general and part-time workers in particular has rarely been one of advocacy. V. Ellis, 'The role of trade unions in the promotion of equal opportunities', a research project funded by the EOC/SSRC Joint Panel on Equal Opportunities (Aug. 1981).

[3] In 1982 women comprised 28% of union members. EOC, Women & Men in Britain, p. 37.

member, there are 32 male union officials for every female official.[1] The primary reasons for women's lower union participation and leadership rates have included conflict between union meetings and household duties and formal and informal exclusionary practices.[2] Unions have not considered part-timers as integral members of the labour force either in terms of organisation or collective bargaining. And even with union support, women may be reluctant to jeopardise their positions by pressing for better pay or working conditions since even part-time jobs are in great demand.

Part-time women workers outside of unions find little protection in the laws which create employment rights. These rights are contingent upon continuous service and the size of the workplace. They are 'earned entitlements' not automatically granted on the basis of employment. As women workers are likely to leave waged work to have children, often move from one unskilled job to another, and typically work in small units, they are not generally eligible to claim the protections accorded full-time workers.

As long as part-time work does not yield the pay per hour of full-time work, it will not attract most male workers. In 1984, whereas 42% of women worked part-time, only 2% of men did so.[3] Neither will part-time work serve to elevate women's labour market position. Yet it will continue to be a haven for women's labour because it allows women to fulfil traditional family responsibilities while providing a modicum of economic support.

---

1 TUC survey quoted in A. Sachs and J.H. Wilson, Sexism and the Law: a Study of Male Beliefs and Legal Bias in Britain and the United States (New York: The Free Press, 1978), p. 204.

2 K. Koziara and D. Pierson, 'A lack of female union leaders: a look at some reasons', Monthly Labor Review 104 (1981) 30.

3 Dale and Glover, 'An analysis of women's employment patterns', Table 13, p. 18.

4.2 Co-operatives' Attributes and Women's Work Needs

Co-operatives have qualities which many women have found attractive as solutions to several of the problems of women's waged work described above, as we will see in the 'mini case studies' later in this chapter and the full-scale studies of Chapters Five, Six and Seven. Co-operatives typically allow flexibile work hours while giving all members roughly equal pay and benefits, which can help women (and men) meet their home responsibilities without suffering the lower wage rates and benefits typical of part-time work. Co-operatives usually train all members in a variety of business skills, offering women a way to gain skills that traditional women's employment rarely provides. Their relative lack of hierarchy allows women to develop self-confidence in a comparatively supportive environment. Women can gain power in co-operatives through contributing to a group, which has connotations of sociability and group service which are congruent with female sex-role norms. Finally, co-operatives may also permit women to assert their talents in management more quickly than traditional businesses will. As will be discussed below, the field research conducted for this thesis demonstrates that co-operatives, in general, do offer these advantages for women.

These attributes may help explain why women constitute a significant element of the British co-operative movement. In some industries, such as computer software, co-operatives contain substantially higher numbers of men than women; but in others, such as printing and the textile derivative trades, women far outnumber men. The most recent national estimate is that

> [w]omen are now running, exclusively, almost one-tenth of the registered co-ops and represent 50% of the workforce in mixed

[co-operative] enterprises.[1]

The major factors inhibiting women from forming co-operatives appear to be poor access to capital and lack of business skills and managerial training.[2] Forming a co-operative is obviously harder than filling a low-skill job in an enterprise where the financing, daily control of work and business strategy are left to experienced managers. In addition, married women typically earn less than their male partners, and thus may not be as strongly motivated to experiment with innovative methods for providing for their families.

4.2.1 Research on Women in Management

The research on women managers in traditional businesses points to some other reasons why women may not be joining co-operatives as often as their advantages might suggest, as well as some reasons why co-operatives could become a more common vehicle for women's employment.

In general, the personal qualities associated with successful male managers -- high need for achievement, self-confidence, technical and business prowess -- are normally regarded as less desirable characteristics in women. Both men and women correctly anticipate difficulties in behaving

---

1 'Making togetherness pay', Options (Jul. 1983), p. 85. In June 1989, the CDA confirmed over the telephone that these 1983 estimates continue to be roughly accurate, if anything understating the prominence of women in the co-operative movement.

2 C.S. Granrose and A. Hochner, 'Are women interested in saving their jobs through employee-ownership?' Economic and Industrial Democracy (London: Sage, 1985), 299-324.

outside customary sex role norms, and modify their behaviour accordingly.[1] While the high desire for achievement needed by female (and male) managers is not rare, it is not common either. Hennig and Jardim studied 25 top-ranking women executives and found that they tended to be either only children or the oldest girl in an all-female family, had strong self-esteem and enjoyed a close relationship with their fathers who encouraged them to be independent and take risks. Furthermore, team games had been important to them as children.[2] One attribute important to the success of co-operatives as well as to the careers of traditional managers is risk-taking propensity. Compared to men, women more often attribute success to the environment than to themselves, have lower levels of self-confidence, lower expectancy of success, and are less willing to take risks particularly in stereotypically masculine tasks.[3] If women are, on the whole, less confident of success, the

---

1 S. Riger and P. Galligan, 'Women in management: an exploration of competing paradigms', American Psychologist 35 (October 1980), pp. 902-10. Another factor inhibiting women's success in British management has been the low technical expertise of British managers, who for decades have compared poorly to their European, Japanese and American counterparts in professional training for their jobs. In the absence of technical qualifications, elevation to higher management has correlated most strongly with attendance at certain public schools, prowess in university sports and other attributes which, unlike learned technical skills, have been virtually impossible for women to acquire. Acton Society Trust, Management Succession (London 1956); Political and Economic Planning, Attitudes in British Management (London, 1966); K. Pavitt (ed.), Technical Innovation and British Economic Performance (London, 1980), especially Chapter 17, p. 306; C. Carter (ed.), Industrial Policy and Innovation (London, 1981), especially Chapters 2, 6, 7; Michael Sanderson, The Universities and British Industry 1850-1970 (London 1972), p. 247.

2 M. Hennig and A. Jardim, The Managerial Woman (London: Pan Books, 1978), Chapter 5. These findings, which stress the personality of the successful woman, have been criticised for ignoring the central role of male mentors in all of these women's careers, an attribute of the social setting which may or may not be related to the women's personalities. Riger and Galligan, op. cit., p. 904.

3 E. Lenny, 'Women's self-confidence in achievement settings', Psychological Bulletin 84 (1977), pp. 1-13. Of course a lower expectancy of success by women in business ventures is often an accurate assessment of the added impediments imposed simply because they are women. Riger and Galligan, op. cit., pp. 903, 905.

risks themselves may appear greater, thereby inhibiting action.[1] This may be an important factor deterring women from joining co-operatives.

Research also demonstrates that 'token' members of groups, whether their token status is due to race, gender, ethnicity or other characteristics, will be scrutinised more closely, subjected to pressure to conform with the majority against their kind, and expected to behave according to stereotypes of their group.[2] The experience of women managers indicates that much greater hostility is exhibited by co-workers when the woman manager is a token than when women in authority are more numerous. 'Men's explanations for a woman's success emphasised her sexuality when she was in a solo status position but not when she was one among many women'.[3] Since women are almost exclusively tokens in British management, accounting for only eight percent of executive positions (presumably concentrated at the lower rungs) and less than than one percent of board executive directors,[4] the implications for women in co-operatives are mixed. Insofar as joining a co-operative requires some experience in business management, the pool of available women is clearly smaller than the pool of men. On the other hand, it can be anticipated that women may turn to co-operatives as a way of achieving non-token status in their chosen field. Just as women managers are more common in traditionally female

---

1 K. Deaux and E. Farris, 'Attributing causes for one's own performance: the effects of sex, norms and outcome', Journal of Research in Personality 11 (1977), pp. 59-72.

2 R. Kanter, Men and Women of the Corporation (New York: Basic Books, 1977).

3 Riger and Galligan, op. cit., p. 905.

4 'Policy lines', IDS Review 109 (March 1990), p. 2; J. Watkins, 'The female entrepreneur -- American experience and its implications for the UK', in J. Stanworth, A. Westrip, D. Watkins and J. Lewis (eds.), Perspectives on a Decade of Small Business Research: Bolton Ten Years On, (London: Gower, 1982), pp. 129-41. See also Fogarty, Allen and Walters, Women in Top Jobs, 1968-1979 (London: Heinemann, 1981).

occupations where women have achieved a 'critical mass' such as nursing and teaching, the pattern of co-operative development indicates that all-women co-operatives develop most frequently in fields where women are relatively numerous such as textiles[1] and printing and publishing[2] -- numerous enough to create a pool of women with good technical skills who conclude that further promotion possibilities in traditional firms are unlikely.

In fact, women do seem to be striking out on their own in business with increasing frequency. An additional 412,000 women in Britain were self-employed in 1990 compared to 1980, a 110% increase, compared to a 62% gain for men. Almost one-third of the self-employed women employ others.[3] Because small firms create considerably more jobs in the economy than larger ones -- ten times as many jobs arose in firms with five to 19 employees as in larger firms between 1985 and 1987[4] -- one can anticipate that women, seeking jobs outside the home with increasing frequency, will gravitate towards smaller firms, and that co-operatives may catch some women interested in self-employment.

Another finding of research into women managers also has implications for the future development of co-operatives. While it is uncommon for married women whose husbands work full-time to stay in full-time employment when their children are young (fewer than ten per cent

---

1 Some all-women co-operatives in the textile industry include the Louise Argyle Limited co-operative at Hebburn; Bargoed Blouse Co-operative in Wales; Happy Hands Ltd, Port Talbot; Ideal Clothiers, Wellingborough; Pandy Fashions Ltd., Mid Glamorgan; Pryfcopyn Tanat, Powys, Wales; and the Ragged Robin Co-operative in Lampeter.

2 In the printing industry there are several all-women co-operatives, including the Feminist Design and Building Group in London; Mothside Women's Press, Manchester; Only Women Press, London; Sheba Feminist Publishers Co-operative Ltd., London; Sheffield Women's Printing, Sheffield; Spare Rib (Magazine Publishers) in London; and Women in Print Ltd., London.

3 'Labour market & skill trends 1991/92', p. 59.

4 Ibid., p. 57.

whose youngest child was aged five or under did so in 1989),[1] women's propensity to stay in full-time work continuously during their child-bearing years increases with their educational level.[2] Since the likelihood of joining a co-operative and its business success both tend to correlate favourably with educational level, and because co-operatives are more flexible about work rotas than traditional businesses, it can be fairly postulated that educated women with children should be particularly suited to working in co-operatives, and successful in them.

Finally, insofar as research about women managers demonstrates that some employ 'non-male' management strategies derived in part from their female acculturation (such as emphasising consensus and choosing high group morale over self-promotion),[3] it can be anticipated that women will be attracted to and successful in co-operatives, which place more emphasis on group harmony and mutuality than do hierarchical businesses. William Goode goes so far as to argue that women who have been out of the paid workforce for some years have nonetheless been using and developing skills relevant to management, and by extension to co-operatives. He writes:

> If our stereotypes of women are correct, the skills and behavior they acquire in becoming a woman are exactly those of good managers: they are trained in human relations, not test tubes and machinery; in insight; in the organization and maintenance of a social unit, the family; in command not through arbitrary orders, but through persuasion and participation; in taking care of subordinates and serving their needs so that they will produce better. If they can become good homemakers, surely they could become excellent managers.[4]

---

1 EOC, Women and Men, Figure 3.11, p. 28.

2 M.W. Griffiths, 'Can we still afford occupational segregation?', Women in the Workplace: the Implications of Occupational Segregation (Chicago, Ill.: University of Chicago Press, 1976).

3 Riger and Galligan, op. cit., p. 907.

4 W. Goode, 'Family life of the successful woman', in Ginzberg and Yohalem (eds.), Corporate Lib: Women's Challenge to Management (Baltimore, Maryland: John Hopkins University Press, 1973).

Hennig and Jardim found that the progress of the 25 women they studied from middle to top management depended crucially on their ability to re-emphasise and develop the human skills they had let atrophy while acquiring technical mastery in lower positions.[1] A recent study of top women managers in 37 countries found that unlike similarly situated male managers, who 'viewed job performance as a series of transactions with subordinates -- exchanging rewards for services rendered or punishment for inadequate performance' -- the women employed 'interactive' or 'transformational leadership', defined as 'getting subordinates to transform their own self-interest into the interest of the group through concern for a broader goal'. And unlike male managers, who viewed their power as flowing mainly from their place in the corporate hierarchy, the women 'ascribed their power to personal characteristics like charisma, interpersonal skills, hard work, or personal contracts rather than to organisational stature'.[2]

While the argument that the nurturing skills learned in traditional female roles may be transferred to business is interesting, it has obvious limits. Successful management requires a combination of personal and technical skills. Top-ranking women executives have had to be more competitive, analytical and technically proficient than most homemakers, and indeed in many more cases than their male colleagues, as they have climbed the corporate ladder.[3] The 25 successful women executives Hennig and Jardim studied, for example, 'decided very early that a woman could move upward through the ranks of management only if she were more competent at her current job, at the job above her and at the job below her than any man

---

1 Hennig and Jardim, op. cit., p. 151.

2 J. Rosener, 'Ways women lead', Harvard Business Review (Nov.-Dec. 1990), p. 120.

3 Riger and Galligan, op. cit., p. 907.

available'.[1] However, with government statistics continuing to register significant inequalities in pay, working conditions and opportunities between working women and men as well as entrenched sex segregation of work, it is clear that escaping the female labour ghetto will take a variety of innovative strategies. Co-operatives may be one way to integrate women in significant numbers into the workforce by allowing them to transfer culturally approved skills learned in human relationships to a business context.

4.3 Mini Case Studies of All-Women's Co-operatives

We turn now to 'mini case studies' of two all women's co-operatives. They illustrate some of the advantages, and limitations, which co-operatives hold out for women in business. The firms presented here -- a feminist bookstore called 'Athena' and the Suburban Office Cleaners Co-operative (SOCC) -- differ from the full-scale case studies of Chapters Five, Six and Seven in that their members were interested in women's issues first and running a co-operative second. For the members of Athena, the co-operative offered an explicitly feminist, non-hierarchical working environment. For the members of SOCC, all working-class mothers with child care responsibilities, the co-operative offered more flexible schedules. Co-operatives can serve a valuable function in providing non-traditional groups with an economic vehicle for accomplishing their non-economic agendas, and the experience of such 'issue' co-operatives, as they will be termed here, can illustrate the strengths and weaknesses of the co-operative form more generally.

---

[1] Hennig and Jardim, op. cit., p. 124.

4.3.1 Athena

Athena, a feminist bookstore and café, was founded by three women who will be called Melinda Beck, Liz Conroy and Frances Doar. The bookstore was opened in June 1978 and moved to its permanent location in November. The café opened in 1979.

Beck conceived the idea for Athena and broached it to Conroy, with whom she had worked on the bookshop at the Women's Festival. Conroy was then working in a bookshop, and introduced Beck to Doar, who was working in another bookshop where she had assembled a substantial feminist section. Beck formally proposed founding a feminist bookshop run along co-operative principles. They settled on a concept of creating a kind of women's centre, an environment where women could not only buy books but also read and write them, as well as relax over a cup of coffee. From the outset the women decided that

> each of us would learn about all the jobs in the shop and what it actually took to keep the place open and going. There was lots of talk about registering as a co-operative and about what our actual principles would be and why. We were all agreed that we wanted to work by consensus and that we wanted to job share as much as possible. We also wanted to leave some room for individual decision-making and self-determination. We believed in this project; we all gave a commitment to it and to each other for two years.[1]

Athena chose ICOM model rules and registered as a Friendly Society. Accordingly each member contributed £1 to the firm's capital, had one vote,

---

[1] History of Athena, tape 4, pp. 3-4.

and could not take out any capital appreciation when she departed.[1] In actuality the members seldom voted, but tried to reach decisions by consensus.

The co-operative was financially successful. Informal bookkeeping and the members' regular practice of withdrawing cash for themselves without reporting it to the tax authorities made rigorous financial analysis impossible, but it is evident that within six months Athena generated enough profit to permit each member to withdraw a living wage, and within a year to permit a comfortable wage, more than any had earned in previous bookselling positions. Within three years the annual reported turnover was £85,000. More members joined, the stock significantly expanded, and the shop was remodeled several times. A strong customer base was carefully nurtured.

Two features stand out as contributors to Athena's success. The first and most important was the members' shared commitment to feminism, which brought the founders together and provided a continuing source of purpose, solidarity and reward. Feminism also contributed a strong model of collegial, non-hierarchical working relationships and a loyal and expanding customer base. The second main factor in Athena's success was the personal qualities of its members, which permitted them to take necessary risks, learn business skills rapidly, and work together effectively.

Feminism was Athena's central organising principle: the co-operative existed primarily to serve its advancement. As one member put it, 'Feminism

---

[1] The members chose to register as a co-operative because they thought that becoming a limited company would impose undesired hierarchy in their internal arrangements, and because 'we thought there were various mechanisms within the co-operative movement to provide us with money more easily'. They received no financial help from the CDA, Co-operative Bank or other co-operative agencies, however, and now believe that registering as a limited company might have been preferable: 'it certainly would have made it easier to borrow money'. Beck interview, tape 5, p. 2. She says frankly that 'I don't care about co-operatives per se, but we had to become one to make the shop survive'.

is the main purpose of my life; it gives me meaning and it gives me hope'. She continued:

> I suppose that the basic principle behind this co-operative for all of us is that it is the living of feminism. This whole place is a feminist hotbed. The passing remarks that I often overhear are wonderful, sometimes inspiring. I really believe that this place is a good place for women to come. We fulfil a need and give space to all sorts of women, and this makes me happy.[1]

Another member struck a similar chord. 'So far I have not found any contradictions between living my feminism and working here'. She emphasised the crossroads between the feminist and co-operative movements:

> I think Athena holds general appeal for women as a place to work. It is a situation in which you have equal control, where you are not being told what to do and when to do it. In the way we work and in the odd conversations that we have there is a lot of feminism and co-operation going on.[2]

Frances Doar explained that she came to work at Athena because 'I thought we would be free to do what we wanted to and to make our own decisions. It was a marvelous opportunity to unite work and politics'. She found that working at Athena 'has been a very positive experience, especially considering how different we are as individuals'.[3]

The members' commitment to feminism affected their work schedules, what they sold, what they did with their profits and the distribution of power within the shop. For example, each member spent 37 hours weekly over four days in the shop and took six weeks' vacation, devoting her time away from Athena largely to other feminist activities. Doar observes: 'Although we are all committed to the co-operative, we didn't want it to ruin the other things we could do with our lives. We only put in the money

---

1 Interview with Leslie White, tape 9, p. 8.

2 Interview with Melinda Beck, tape 10, p. 12.

3 Interview with Frances Doar, tape 7, p. 7.

and the time because we felt that we could achieve a better situation'.[1] Athena's profits were largely donated to various feminist causes, which the members called 'recycling'. 'We particularly want to donate to groups that have a hard time getting funding. But the women's movement is so needy, it is difficult to decide where to channel our profits. We are not terribly comfortable in making these decisions either because it puts us in a position of power'.[2]

Within the shop, wages were uniform and the hours and terms of work equal, even though Beck contributed £5,000 of the £11,000 start-up capital and the other founders contributed £500 and £600 respectively. 'We didn't want part-time workers. We felt that this would lead to problems if we had everyone doing different levels of work and taking different levels of responsibility'.[3] The display of books was determined less by what would sell than by political criteria. Certain books were displayed inconspicuously for their implication that women themselves were to blame for their oppression. Rather than reduce the price of books that sold poorly because Athena mistakenly thought they were feminist when purchased, the co-operative kept them at full price to discourage their sale.[4] The stated Aims of Athena included several which had nothing to do with the profitable operation of a co-operative, for example, 'To take an active interest in campaigns opposing the production and distribution of sexist materials,' and 'To support, wherever possible, women workers in all areas with whom we come in contact'.[5]

---

1 Ibid., tape 1, p. 2.

2 Athena business meeting (June 4, 1980), tape 3, p. 3.

3 Beck interview, tape 1, pp. 1, 7.

4 Ibid., tape 3, p. 1.

5 Broadsheet, 'Athena, A Women's Co-operative Bookshop'.

The above examples imply that promoting feminism came at the expense of Athena's conventional business success, but this was not always so. In two ways feminism was an important contributor to the co-operative's financial health. First, it provided Athena with an unusually loyal group of customers. When the founders were seeking start-up capital and a mortgage from banks and other sources, they secured hundreds of signatures from women expressing support for Athena as an aid to establishing credit and credibility. Customers evidently felt that Athena was committed to their full development as women rather than to selling them products, and this engendered great loyalty. The shop maintained a free women's reading room, provided stalls at conferences, and a place for meetings and talks by writers after hours. It developed the reputation of being the premier women's bookstore in London. Even in the summer months, typically slow for booksellers, Athena was filled with customers. They also developed a thriving mail order business to satisfy the demand for feminist books from outside London and the UK.

The second way the members' overriding political commitment helped Athena financially was in justifying an aggressive attitude towards taxes, rent, and other financial obligations. The members' feminism had an element of defiance and anger at society;[1] they considered themselves a victimised minority, and consequently felt morally justified in avoiding taxes, making off-the-books disbursements, securing maximum welfare benefits, and paying under the market rate for rent. At the beginning the members were squatting with other women in a Greater London Council (GLC)-owned building, for which they ultimately had to pay £6 per month in rent. They lived off the dole for the first three months, and thereafter fixed their reported wages at

---

[1] For instance, Beck says: 'I feel that society has ripped me off for a large part of my life. It has made me bitterly unhappy. It almost destroyed me'. Tape 5, p 2.

just below the National Insurance threshold. At the same time, however, they were 'taking out £5 or £10' weekly from petty cash in undeclared wages as well, a practice which continued after the co-operative reached prosperity -- £35 weekly in 1980 in addition to a £50 declared wage, and higher amounts subsequently.[1] The members received a £2600 GLC grant to print their first catalogue, and secured low-rent accomodation with an option to buy from a man sympathetic to alternative causes. These were significant financial advantages, but the membership appeared to consider them minimal reparations for their continuing victimisation by a sexist society.[2]

Their attitude towards the subsidised rent is illustrative. After raising £11,000 from gifts and donations, £5,000 of which was a gift from Beck (which the other members felt she should be repaid) out a legacy left by her grandparents, £3,000 of which came from Beck's sister and the rest in grants and interest-free loans from women,[3] they moved to find a site for the shop. They had originally hoped to find a sympathetic party or benefactor who would guarantee a mortgage to purchase a location. 'We tried to find a woman, but we couldn't find anyone who would help us in that way'.[4] Eventually they found a man, 'a sympathetic bloke who has worked on alternative things before'[5] who purchased the building they wanted, invested £6,000 in structural repairs and gave them a three-year lease with subsidised rent and an option to buy within five years. Athena's members invested much work in renovating and cleaning the premises, which were in bad repair. The initial rent was £1,800 annually, which the members

---

1 Ibid., tape 1, p. 2.

2 Ibid., p. 3. See also Tape 6, 'Business Meeting'.

3 Ibid., tape 4, p. 1.

4 Ibid., p 2.

5 Ibid.

figured was one-third the market rate, but approximately what the man could have earned from investing the £25,000 purchase price in a savings account. Conroy observes:

> We have an option to buy and he has no role in running the co-operative whatsoever. He has always been very helpful although he doesn't participate in any way with the running of the shop. The whole thing has been extremely fair. He is not giving us anything except we do get a very low rent. This has not cost him. He is just not making a profit.
>
> Originally he suggested that he wanted to come to some meetings and be helpful, but we agreed straight on that we did not want his help if these were the qualifications on it. If he had not accepted this, it would have been very bad for us because we had already ordered books from America. It was also hard for us to be hard-line because he is generous and was, in fact, doing us a favour. But it had to be this way or there wouldn't have been any point in doing this.
>
> We feel that it was not an accident that he had this money and that we don't have to be undyingly grateful for the use of it. We appreciate the favour he has done, but it wouldn't be fair to say that we are grateful.[1]

The second main reason for Athena's success was the members' personal attributes: determination, bookselling expertise, and generally high educational level. As to determination, the members, especially founding member Beck, clearly possessed the confidence and willingness to take risks which research has identified as common attributes of successful managers. They worked 'absolutely flat out the whole time' during the first year until the business gained momentum,[2] prompting one member to observe wryly that 'co-operatives were once described as self-managed exploitation'.[3] They overcame the initial unwillingness of banks and other institutions,

---

[1] Conroy interview, tape 4, p. 2.

[2] Beck interview, tape 4, p. 3.

[3] Doar interview, tape 1, p. 2.

including the CDA, to provide financial assistance.[1] The final package of gifts, personal funds and subsidised rent which allowed them to open was a creative way of acquiring needed start-up capital. They describe their initial financing, always a vexing problem for new co-operatives, as their greatest challenge. They continued to face skepticism from banks and other institutions about their seriousness.[2]

Despite some early mistakes common to new businesses -- they badly understimated the cost of their initial catalogue at £200, whereas it actually cost £1500 -- the members had many years' of experience in bookselling. They filled in their gaps of knowledge quickly and became highly efficient in paying accounts, processing orders and keeping abreast of new titles. Their filing system was meticulously maintained. They regularly devised successful new ways of reaching new customers and satisfying old ones. They did in fact estimate their start-up capital requirements quite closely.

Finally, the generally high educational level of the members -- all of the founders were university graduates, and all other members were sufficiently educated to choose work in selling serious books -- ensured that

---

1 Indeed the organised co-operative movement provided Athena with virtually no support, although this may have been partly because the members gravitated towards the women's movement to fulfil their needs. The CDA said they would consider giving Athena assistance on their mortgage only after three or four years of successful operation. Conroy interview, tape 6, p. 2. The membership said they would have considered the Co-operative Bank as a source of financing 'if we had any [their emphasis] indication that they were either efficient or any good'. They found that it was 'very difficult to get the Co-operative Bank to do anything for you'. White interview, tape 1, p. 5. Beck observed that the co-operative movement and the Registrar of Friendly Societies was not actively promoting new co-operatives: 'The co-operative movement is frightfully old-fashioned, stuck in a rut. They are all too hidebound by their language and definitions. They don't expand or grow .... The Registrar of Friendly Socities and traditional co-operatives have done a valuable job, but now they are as fuddy-duddy as trade unions'. Beck interview, tape 5, p. 2.

2 Conroy interview, tape 1, p. 6.

the new skills necessary to run the enterprise, such as accounting, could be learned relatively fast. 'None of us had ever studied business, economics, statistics, law or anything else that was particularly helpful to a business like this'.[1] Yet they were able to learn the necessary technical skills, and in large part to share their learning with each other. The members' high educational level also permitted them to be unusually thoughtful about their business decisions and relations with each other. While Athena's meetings and the personal relations of the members demonstrated some of the tension and pettiness occasionally found in small groups, in general they avoided serious discord. All had previously been part of collectives arising out of the women's movement, and wanted to avoid the infighting that made most of them 'very bad'[2] to work in. They were conscious of the tendency in many co-operatives to spend large amounts of time talking, including personal discussions, during business hours. The degree of insight displayed by Beck in analysing her own motives for contributing £5,000 to Athena typifies the self-awareness of the members:

> Ideally, I would like the money back that I have put into the co-operative. But my motivation for putting my money here was because women underestimate themselves all the time. I wanted to prove that I wouldn't. I also wanted to give what knowledge I had of books to the public and I also wanted a job. I wanted too to work with women in a non-hierarchical set-up. It was a measure of expediency as well as ideology.[3]

Athena was as much or more a political enterprise than an economic one. Consequently its value as a source of generalisations about co-operatives is limited. The attitudes of the members towards their work and each other, the nature of their product (essentially radical political ideas in printed form), their unusual bond with their customers and their

---

1 Conroy interview, tape 4, p. 2.

2 Beck interview, tape 1, p. 4.

3 Beck interview, tape 5, p. 9.

aggressive approach to taxation are uncommon among co-operatives. Nevertheless Athena's success confirms some of the hypotheses advanced earlier in this chapter. The members were able to use the co-operative form to achieve higher income and control of their work than had been possible for them working as employees in traditional bookshops, where, nevertheless, they had acquired sufficient knowledge to warrant starting their own enterprise. The members taught themselves, and learned from each other, the accounting and operational skills needed to run a bookstore, a significant advance on their previous knowledge. Working relationships were consciously modeled after the collaborative, supportive qualities which women are socialised to possess and in which they are thought to excel men. Although the work was demanding, especially at the outset, the members retained considerable flexibility in their schedules. Athena's members used their spare time for political work; others could use it for parenting responsibilities or recreation. Even this 'issue' co-operative, with all its unusual features, demonstrates a significant congruence between the work needs of women and the attributes offered by the co-operative form.

4.3.2 Suburban Office Cleaners Co-operative (SOCC)

If Athena's purpose can be described as the advancement of feminist thought and theory, SOCC's can be described as the advancement of women in a very practical sense. SOCC performed contract cleaning for firms in a London suburb, employing part-time women with little education and substantial child care responsibilities. Many were members of an ethnic minority. All found that the co-operative improved their pay and conditions, and many reported greater enjoyment of work and self-regard.

SOCC was registered in 1978 by seven women as a Friendly Society

using ICOM model rules.[1] By 1981, it employed 20 women part-time who worked from six to 15 hours each week and had an annual turnover of £19,000 from nine contracts. All members had children. Work assignments were allocated to conform to individual needs and preferences.

The idea to start a cleaners' co-operative came from the women themselves, who knew each other as neighbours or co-workers. At the time SOCC was started, most of the founders were working part-time as cleaners and the others were looking for work, although none was registered as unemployed. The founders shared a common negative view of their work in traditional firms: bad and unpredictable hours, low pay, few if any benefits such as holiday leave or sick pay, poor working equipment and job insecurity. The women decided to ask an organiser from the General and Municipal Workers Union (GMWU) for advice on improving their conditions, considering unionisation at first. At a meeting one of the women suggested forming their own business instead, which seemed much more practical than unionising. Working co-operatively appealed to them, so with support from the GMWU and assistance of a community worker from an Oxford college settlement, the women met regularly to make plans. They registered as a co-operative in May 1978. They chose ICOM model rules without knowing that other sets of model rules existed, and were less concerned with the details of their internal structure than with getting financing and contracts.

A crucial contribution by the GMWU was the preparation of a feasibility study, which included an analysis of market demand, capital requirements, pricing within the cleaning industry and a business plan which

---

1 Field research for this section was supplemented by the material presented on SOCC in Prospects for Workers' Co-operatives in Europe, Vol. II, A Report by the Mutual Aid Centre, London, for the Commission of the European Communities, Dec. 1981, UK 23-27. Field research consisted of telephone interviews with two members who asked that they be mentioned by first name only: 'Alice' and 'Mary' (14 March 1984; 20 March 1984).

estimated the minimum contract income necessary for the co-operative to succeed financially. With the completed feasibility study in hand, the community worker applied to a local bank for start-up capital, estimated at £10,000. The bank agreed to advance funds if collateral were tendered, or if the co-operative could come up with 50% of the funds on its own. Overwhelmed at the prospect of meeting either requirement, representatives of the co-operative approached their Borough Council for assistance. In June 1978, the Council agreed to loan the co-operative £8,000, repayable over two years at 10.5%. The co-operative drew only £1,000 of the available sum to buy necessary equipment.

The next hurdle the co-operative had to weather was attracting business. By deciding to pay themselves the recommended union wage, SOCC put itself at a disadvantage compared to large cleaning firms. Only a third of cleaning in London was done by small firms; the rest was mostly in the hands of two large establishments. These firms paid their workers less than two-thirds of the union wage, but were still able to find sufficient workers. Because SOCC's overhead was lower than that of traditional firms -- it used the offices and telephone of the college settlement house as its headquarters, for which no payment was required -- it had some countervailing advantages. Local companies were at first suspicious that the co-operative would be badly organised and collapse. Three months of phoning local businesses produced no customers, and because SOCC had not done business with the Borough Council before it was initially not permitted to tender a bid for several small Council cleaning contracts. Newspaper publicity about this chilly reception sparked a good deal of interest, however, and in November 1978 SOCC won its first contract from the National Association for the Care and Resettlement of Offenders, which was politically sympathetic to the co-operative's ambitions. A substantial share of SOCC's subsequent contracts came from other non-profit organisations

sympathetic to the women's efforts, but its reputation for high-quality work also led to contracts with commercial firms. Within one year SOCC had 12 members and eight other women working in a trial period prior to full membership. All were making better wages and had more control over their working hours than previously; all were part-time workers, with no one making enough to become liable for taxes or national insurance.[1]

The members had virtually no training in running a business. Consequently they turned, at the outset, to the Action Resource Centre (ARC), which provides advice, material resources and personnel to a variety of community business ventures. ARC had a male manager it was willing to loan to the co-operative to help it grow in size and business acumen. When the members interviewed the candidate, however, they felt he was unenthusiastic about working in a co-operative and had no experience in working with women 'as partners'. As one of the women put it: 'He would not have understood the way we worked; he looked down on us as if he were doing us a favour; he could not understand why the co-operative is important to us'.[2] Although SOCC respected the experience the male candidate offered, they decided to rely on themselves instead. They knew their

---

[1] Other women's co-operatives similar to SOCC have started in the last decade. One such is Happy Hands, a clothing manufacturer in South Wales which, with help from the local CDA and a £2500 loan from ICOF, began trading in 1980. Its wages were low -- £35 per week in 1985 for a 25-hour week -- but its principal goal was to provide part-time, flexible work for women with young children, including two overlapping shifts during school holidays. Because the workers did not reach the National Insurance threshold, did not have to obtain full-time child care and received transport arranged by the co-operative, they earned more working 25 hours for £1.40 per hour than they would have working 40 hours for £1.70 per hour, the average machinist's wage in their locale. While their reputation for quality was good, they had trouble breaking into more profitable kinds of sewing work. 'Conditions are not even secure from week to week, with defaults from customers causing occasional weeks with no pay at all'. While marginal, the firm had a good working atmosphere, and was one of the few sources of part-time work available in the area. Cornforth et al., p. 74.

[2] Field Research, telephone interview, March 12, 1984.

business inadequacies, but felt they would sacrifice an important aspect of the co-operative if they took on a manager who lacked respect for them and their objectives.

The decision to go without professional management was made somewhat easier by the nature of the business: the women work solo or in small teams, wage computation is easy because no one earns over the National Insurance threshold, and the equipment necessary -- vacuum cleaners and rug washers -- is not complex. Despite the low educational requirements of cleaning work, the members' independence from each other in their daily activities made SOCC analogous to the 'professional bureaucracy' discussed in Chapter Three. Because members were not constantly working together, some of the difficulties other co-operatives face in maintaining group commitment and avoiding various pathologies of group decisionmaking did not arise.

Despite the co-operative's low educational requirements, members quickly faced up to some difficult business decisions. They sacked one member who was consistently performing below standard; they dropped one client who repeatedly pressured them to do work beyond the contract. To keep costs down they decided not to give sick pay (against the advice of the community worker helping them), but after several months of successful work they agreed to give one week's holiday for every six months' work. Work quality has been consistently high; as one member says, 'No supervisor's breathing down your neck; you work the way you want to. But if you don't do the job properly, you lose the contract'.[1]

Anyone who passed a three-month probationary period was allowed to join SOCC, but unlike Athena there was no rule that all members had to

---

[1] Unnamed member quoted in Prospects for Workers' Co-operatives, op. cit., p. UK 24.

assume equal responsibility and learn every job. Nevertheless it turned out that most members were interested in learning the administrative side of the work even though unpaid. In September 1980 the members imposed a temporary hiatus on accepting new contracts so that the administrative jobs -- buying supplies, paying wages, invoicing, and troubleshooting with clients -- could be shared more widely. Members also learned how to do their own estimating for new contracts.

Maximising the quality of worklife was a key goal of the co-operative, which it defined as giving members maximum flexibility to attend their household responsibilities. Each woman had keys for her jobsite and could clean on her own schedule providing that the premises were ready for the next day. Management meetings were held monthly on Sundays and were informal so that the women could bring their children. Jobs rotated regularly to reduce boredom. Work groups also changed so that relationships developed among all members, although some members preferred to work alone. Occasionally husbands stood in when sickness depleted the pool of workers.

SOCC was the first women's cleaning co-operative in Britain. It represented a creative solution to the bad pay and conditions typical of 'woumen's work'. Although none of the members had any business experience, they were patient and, based on their real financial need, determined to succeed. As one member put it, 'women are not seen as unemployed. We are seen as housewives. But we are the ones who the children look to for food, clothes and toys'.[1] Members found SOCC financially superior to alternative cleaning jobs. They also found new self-respect in working together. One member put it: 'By working here we can help ourselves, our children and

---

[1] Ibid.

each other'.[1] Their sense of gratitude to SOCC and commitment to the idea of other women's co-operatives led them to loan £1000 to help start another women's co-operative, Tic Toc Catering. Publicity about SOCC, including a brief television news segment, prompted groups of women in similar circumstances to start their own cleaning co-operatives, which have generally done well.[2] SOCC was not a sophisticated operation, but it satisfied its customers and members beyond original expectations.

From the start, SOCC members decided not to expand to meet the maximum market demand. They believed the administrative requirements of a large firm were beyond their capabilities and that large size would destroy the intimacy and flexibility of their working relationships. This decision illustrates two important points about co-operatives. First, co-operatives -- especially 'issue' co-operatives -- are not likely to equate success with growth to the same extent as traditional businesses. Second, as discussed in Chapter Three, co-operatives have difficulty in expanding beyond the size where all members can meet in a single room. Making the transition to a medium-sized firm requires members to create more complex systems of representation and administration and accept increased division of labour. To do so they must be willing to revise significantly their working relationships and obtain sophisticated ongoing advice about co-operative structure, which is hard to come by. It is not surprising that the part-time workers of SOCC did not want to make this transition, even though enough new work was available to support a doubling or tripling in size.

While Athena and SOCC are different in their objectives, product and average educational level, they shared several important characteristics.

---

1 'Alice', telephone interview, op. cit..

2 Clydeclean Cleaners Co-operative, Glasgow; Hardwork Cleaning Co-operative, Newcastle; Orton Friendly Cleaners Co-operative, Orton, Peterborough.

Like Athena, SOCC had difficulty in securing start-up capital and depended crucially at the outset upon assistance from non-profit bodies: the GMWU, the Oxford college settlement, and the Borough Council. Without this help it would not have gotten underway. Like Athena, SOCC had no information about the varieties of co-operative structure available besides ICOM model rules, and received no help whatsoever from the CDA, Co-operative Bank or other organs of the co-operative movement. Both Athena's and SOCC's members knew the basic operations of their business before starting the co-operative, but virtually nothing about accounting, finance and other management tasks. The two co-operatives both paid their members more than members earned from their previous employers. Members reported deep satisfaction at the mutual respect and high commitment which co-operative working engendered.[1]

4.4 Conclusion

The picture which emerges of women's paid work is somber, revealing on average poor pay, conditions and prospects for advancement. Women are heavily crowded into jobs at the bottom rungs of skill, status and career potential, including part-time work. While individual women may be able to escape the female labour ghetto, most will not. Systematic legislation to redress women's employment inequalities is not likely in the near future. At the same time, statistical data and academic research reveal that women are working outside the home at the highest level in British history, and that this number is likely to increase as women become better educated.

---

[1] Several studies of varying quality are available on all-women's co-operatives, including: C. Cornforth, 'The garment co-operative: an experiment in industrial democracy and business creation' (1981); Martin Lockett, 'Fakenham Enterprises' (1978); Rosemary Rhoades, 'Milkwood Co-operative Limited' (1980); Eirlys Tynan, 'Little Women' (1980).

The sources of women's poor labour market position are many and interrelated. In general, women are trained to perform the traditional roles of wife and mother, and to eschew competitiveness, self-promotion and toughness in favour of nurturing and submissive qualities which are not common among successful managers. Women are disproportionately schooled in disciplines removed from relevance to business. After graduation they face discrimination from employers based on widespread sex stereotypes. Most importantly, they continue to bear central responsibility for child-raising. In the absence of flexible working schedules for both fathers and mothers, the child-rearing role requires most women to leave full-time work for a substantial period. Despite some recent interest in firm-provided creches and childcare vouchers,[1] the structures of work remain built on the assumption that the typical worker is a man with a wife at home to meet the demands of the private sphere. As Professor Finley has written, 'The fact that women bear children and men do not has been the major impediment to women becoming fully integrated into the public world of the workplace'.[2]

Job redesign in traditional firms is giving rise to some new models of work which conduce better to women's work needs. Job sharing, for example, provides flexibility to women who care for children or the elderly. Job rotation helps redress the imbalance in training and skills between women and men. Autonomous work groups encourage initiative among their members and the confidence to participate as fully as their capacities allow. Co-operatives combine many of these advantages, which perhaps explains their increasing popularity among women. The broad exposure to a variety of

---

1 IDS, 'Policy lines', p. 3.

2 L. Finley, 'Transcending equality theory: a way out of the maternity and the workplace debate', Columbia Law Review 86 (1986), pp. 1118, 1119. Sexual stereotyping means not only that women are blocked from reaching their full potential at work, but that men face impediments in reaching their full potential in family life.

skills which co-operatives typically give members helps women's business expertise and confidence. Flexible scheduling helps women meet family responsibilities. The ethic of collaboration and mutual respect helps women gain confidence in their business ability and squares with the cultural norm that labels competition unfeminine. As Athena and SOCC demonstrate, co-operatives can be vehicles by which diverse groups of women improve their pay and working conditions while also satisfying a need for greater control over their work lives. Indeed the ideologies of the co-operative and women's movements have many parallels. Both question certain aspects of work: who works, under what conditions and for what reward. Both stress 'quality of life' issues, viewing work not only as a way of earning a living, but as one means of self-development. Both aim to promote the democratic norms of equality, respect and participation.

Co-operatives are not a panacea for women seeking work outside the home, especially those whose occupations, like cleaners and seamstresses, afford them little 'slack', in labour process terms, from the demands of the market economy. Rotation among a handful of difficult and uninteresting jobs is only a minor improvement over no rotation; dependence on a few customers for intermittent and short-term orders is not a recipe for a rewarding work life, even though its burdens and profits may be more equally shared. 'We felt that co-operators sometimes have their expectations about pleasanter, more satisfying jobs raised unfairly, given that most work, however organised, still has its intrinsic costs'.[1] Still the veterans of all-women's co-operatives, at least anecdotally, are glad for the new opportunities and challenges they have faced.

---

[1] Cornforth et al., p. 104.

In the chapters that follow, three co-operatives are examined in depth: Family Planning Ltd (Chapter Five), where a nearly all-female staff of 170 run a medical clinic and provide health services, primarily abortion and related counseling; Software Ltd (Chapter Six), where one woman has joined with six men to run a computer software firm; and Measurement Ltd (Chapter 7), where approximately equal numbers of men and women design and manufacture scientific instruments. The case studies evaluate these co-operatives' organisational structures, business performance and the satisfaction they achieve among their workers. In the course of this analysis, their record with regard to women workers is evaluated to see whether the advantages suggested here for co-operatives as vehicles for women's employment can be realised in co-operatives which are more like traditional profit-seeking firms -- that is, less political than Athena and less centred around part-time work than SOCC.

CHAPTER FIVE

Case Study of Family Planning Ltd.

5.0 Introduction

Family Planning Ltd. (FP) is one of Britain's largest co-operatives, employing almost 200 people, most of whom are women. It was started in 1968 to provide a safe and efficient service for the termination of unwanted pregnancies, when it became clear that the National Health Service (NHS) would not meet the demand for legal abortion opened by the 1967 Abortion Act. FP converted internally to a co-operative in 1981, while remaining formally a registered charity and limited company. FP pioneered new services and techniques in its field throughout the period studied, achieving a reputation in the medical community as the country's leader in abortion services. It started the first 'day care', or one-day outpatient, abortion service, which the Department of Health and Social Services (DHSS) used as a model for licensing subsequent day care services. It sponsored an international conference on post-coital contraception after introducing the first post-coital contraception service in Britain in 1981. FP introduced a vasectomy service and a walk-in early pregnancy testing service, established the right to advertise abortions in newspapers, and pioneered the use of specially trained lay counsellors both before and after the termination procedure. In spite of this creativity, FP consistently maintained the lowest prices of any private abortion agency, out of a conscious desire to keep

abortion prices low for all women, and still found it possible to give grants to needy women which averaged £30,000 a year. Since the NHS provided fewer than half of the abortions performed in Britain -- a ratio that declined each year of the period studied -- FP as leader of the non-NHS abortion clinics performed an important role. In short, FP was a highly successful co-operative.

Despite the excellence and dedication of the staff and their commitment to making their co-operative enterprise thrive, it is evident from the field research that FP also suffered from many of the maladies which commonly beset co-operatives. There were too many meetings taking too much time. Areas of responsibility were jumbled, so that decisions and action were often painfully slow. Members were quicker to complain about problems than to take responsibility for solving them. There was not enough leadership; those responsible for administering the organisation had ill-defined authority, little management training and spent their days on a host of small problems rather than thinking strategically. Most members were proud of participating in a co-operative, but also complained, often with some vehemence, about the way FP was run.

This chapter is divided into two parts. The first describes FP's operations during the period studied: its work and how that work was organised. The second describes how FP functioned as a co-operative.

5.1 FP Operations

5.1.1 Introduction

FP operated in two locations, which corresponded to the two major tasks the organisation performed. Important differences between the cultures of the two locations led to recurrent tensions which resisted resolution.

At the Central London office, women worried that they might be pregnant came for testing, abortion counselling, pelvic examinations and to

make appointments for terminating their pregnancy. The primary skills of the Central London workers were counselling and workflow scheduling. The counsellors, numbering approximately 30, worked an average of three half-day sessions weekly and had a background in the liberal arts, psychology or social work. They were excellent at drawing clients out, helping them express and resolve their ambivalent feelings about abortion (approximately ten per cent of the clients choose not to terminate their pregnancies, which the counsellors always supported), and providing information about what was to occur during the operation. The non-counselling administrative staff (20 full-time and five part-time) managed the flow of clients through the organisation: handling numerous telephone inquiries, greeting clients in reception, accepting payment, conducting medical tests, prodding various NHS facilities to provide as many free abortions as possible, and scheduling the abortions at FP's own clinic. All but one of the counsellors were female; all described themselves as feminists; and there was strong emphasis in Central London on the counselling-based traits of open communication, mutual support and the satisfaction that came from helping women who were often distraught when they first arrived. Pay for the counsellors and administrative staff was better than at most charities, but was less than they could have earned in private medicine.

Doctors in Central London (approximately 40 in number, each working one half-day session weekly in groups of two or three) performed pelvic exams, advised clients on contraception and dispensed post-coital birth control, but they did not dominate decisionmaking. The impetus for forming the co-operative came mainly from the Central London staff.

The abortions were performed at FP's second site, a clinic it owned in a London suburb (for ease of reference, herein called 'Kew' though that was not the clinic's location). There medical skills and hierarchy were emphasised much more than in Central London. Six gynaecologists and six

anaesthetists worked several sessions weekly in rotation with their other medical jobs. FP was committed to obtaining the best doctors available and consequently paid them at close to the top of the scale for comparable work. The Kew clinic employed 25 full-time and 15 part-time nurses who assisted the doctors in the operating theatres, looked after the patients in recovery and saw to the needs of those who required an overnight stay. There were also 15 full-time and 15 part-time administrators and ancillary staff (cleaners, porters and cooks). Many of the nurses and ancillary staff worked at the clinic before FP bought it in 1979, when it had a bad reputation as an expensive abortion mill which also did plastic surgery and other lucrative elective procedures. Most of the nurses and ancillary staff said they liked FP because it paid better than the clinic's previous owner; they placed less emphasis than did the Central London staff on the benefits of working in a co-operative.

Good surgical technique and efficient patient care according to medical norms were the central objectives of the clinic. Doctors dominated the decisionmaking, in keeping with their expertise and medical tradition. While counsellors were present and played an important role in Kew (for example, providing enough moral support to enable patients already under pre-operative medication to halt the procedure), and the doctors themselves were sympathetic with FP's goal to be the most caring abortion service possible, the main emphasis was on 'throughput' of the 40 daily patients. Indeed some patients complained that the doctors in Kew refused to answer legitimate questions, treated them like children, gave general anaesthetics rather than local (contrary to the practice in other countries), only because it made the operation easier and faster for the doctor, and otherwise violated the supportive, caring, implicitly feminist norms of Central

London.[1] Nevertheless, on a technical level the Kew clinic had good results, with a complications rate considerably lower than at NHS abortion facilities.[2]

A third task FP performed was to lobby Parliament, the health ministries and the media to protect the 1967 Abortion Act from encroachments by anti-abortion groups. This function was undertaken mostly out of Central London, usually in conjunction with other pro-choice groups. When such political activities were quiescent, the part-time information officer concentrated on conducting surveys to determine who was using FP and advertising FP to reach the maximum target audience. There was also a part-time 'planning' officer in Central London, who conducted operations research to devise more efficient ways of organising the work flow.

In Chapter Three it was suggested that a 'professional bureaucracy' would prove well-suited to the co-operative form, because the pre-existing skills of the workers combined with the relative autonomy of their service-orientated work would avoid the need for complex chains of command and large start-up capital. FP was really two professional bureaucracies, the counsellors and the doctors/nurses, coexisting successfully but uneasily. Central London and Kew respected and depended on each other, but the medical staff resisted taking direction or suggestions from Central London -- the source of most new ideas in the organisation -- both because the counsellors lacked the doctors' professional qualifications, and because the nurses tended to follow the lead of the doctors. The difficulties FP faced in

---

[1] See, for example, letter of patient dated 17 May 1983: 'The doctor treated me like a child or an adult idiot .... She gave me answers to questions which were inaccurate and patronizing. To get an exact description of the abortion procedure from the nurse was like pulling teeth. [After several minutes] I got a bit exasperated and we proceeded to have a short argument in which she ended up saying something about why didn't I just stay at home and do my own abortion with a knitting needle'.

[2] Michelle Warren [Co-ordinator] interview, p. 37.

melding Kew and Central London into a cohesive organisation will be taken up more fully in Section 5.2.

5.1.2 Historical Development of FP Operations

To understand FP's accomplishments and problems as a co-operative, it is useful first to describe briefly how its operations evolved over time, broken down by area.

FP was created in 1968 when it became clear that the NHS would not expand its services to provide abortions for all who sought and qualified for them under the law, that some GPs opposed to abortion were denying access to NHS facilities, and that the NHS system often was responsible for long delays and uncaring treatment.[1] FP's goals have remained highly consistent since its founding, and were well expressed in a 1982 statement:

> To provide an advisory service for women who believe that they may be pregnant and who wish to confirm the diagnosis, or who may not yet know whether or not they wish the pregnancy to continue.
>
> To provide a low-cost, caring alternative to private abortion provision under the terms of the Abortion Act whilst the need for abortion is unmet by the National Health Service.
>
> To provide information and advice concerning the methods and consequences of terminating pregnancy, and for preventing unwanted pregnancies in the future.
>
> To provide, for those women who seek it, adequate opportunity to discuss in depth any problems related to their unwanted pregnancy.
>
> To provide the above services in a non-judgemental way, without prejudice whilst being responsive to both the physical and emotional needs of women.
>
> To ensure that services act as a pioneering model in standards of excellence in patient care and to ensure that services are provided as efficiently and economically as possible so that profits from FP activities may be used to assist women in need.

---

[1] The principal grounds by which doctors may approve an abortion under the 1967 Abortion Act are that continuing the pregnancy would be more dangerous to the physical or mental health of the woman than performing the abortion.

....

To promote education and research into the understanding and handling of fertility issues.

To provide a flexible and caring service and to pioneer innovatory procedures and techniques until all women have access to sympathetic and early treatment within the NHS.[1]

FP's founders, relying on charitable donations and a panel of sympathetic private gynaecologists, were able to offer initial testing and counselling for £7.50 and abortions for a maximum of £100, the figure recommended by FP social workers, significantly undercutting the normal private fee of £300. The organisation began with a permanent staff of two working out of three small rooms who spent most of their time arranging bed space in private nursing homes (as well as lobbying NHS hospitals to provide beds). High demand required the staff and premises to double within a few months. In its first year FP saw 2,945 women (approximately ten per cent of the legal abortions performed in Britain that year), a third of whom were thought too poor to pay the standard £100 fee. From the outset FP was determined to keep prices as low as possible, 'to provide an alternative to the horrors of back street abortion, within the reach of women on the poverty and low income scale who could not consider having private treatment'.[2] No woman was ever refused an abortion at FP because she could not afford it.

The goal of keeping prices as low as possible for social reasons kept FP in a state of permanent financial crisis. As the organisation became more skilled at controlling its costs, it repeatedly cut its price, reaching a low of £60 in 1971. A profit-maximising business might not have cut its price in the face of high demand, but FP had goals which were not purely economic.

---

1 'The aims and objectives of Family Planning Ltd.' (1982).

2 'Family Planning Ltd.', nd, Section 2.

A. Source of Clients

From the outset FP tried to establish a co-operative working relationship with GPs, who became the primary source of referral. In the 1970s more than 90% of women examined in the Central London clinic had seen their GPs first, often at FP's strong urging. FP's primary means of reaching GPs was informational leaflets explaining its services sent to doctors throughout London and the Home Counties, regularly updated with accounts of new services. One such leaflet, produced in 1973, spurred requests from doctors for more than 16,000 reprints for use in their surgeries. Endorsements from distinguished gynaecologists, good reports from patients referred to FP, and a well-received 1971 article in the British Medical Journal describing a survey of FP's first 3000 patients solidified FP's favourable reputation among GPs.

Surveys of women using FP as well as NHS abortion facilities quickly revealed that the 1967 Act was not being uniformly implemented across the country. In addition to lack of planning by regional health authorities, pockets of medical disapproval of the procedure created significant regional disparities in the availability of abortions. For instance, in the early 1970s half of Glasgow women had to travel to England to obtain an abortion, and it was three times more difficult to obtain an abortion in Birmingham or Leeds than in Newcastle or London.[1] FP accordingly tried to increase its publicity to some of the cities where abortion was least available. Nevertheless, FP's British clients remained heavily from London and the Home Counties, over 80% through most of the 1970s and over 90% in

---

[1] FP Internal Draft, Evidence to the Royal Commission on the National Health Service, nd, p. 2.

the 1980s as other clinics, primarily the British Pregnancy Advisory Service (BPAS), another charity, opened clinics outside London.

Women from countries where abortion is illegal became another important source of FP clients. In 1972 foreign women accounted for about 48,000 of the total 156,714 abortions performed in Britain, and half of non-NHS abortions. At its inception FP was restricted to providing its services to British residents, but in 1974 the Church of England Board of Social Responsibility approached FP to set up a special service to protect foreign women from exploitation by airport taxi drivers working in conjunction with expensive private clinics. A Traveller's Help Unit Service (THUS) was created, through which FP obtained approximately one-fifth of its clients. Multi-lingual counsellors were hired to aid women, both residents and non-residents, who do not speak English.

Another source of clients was arrangements made with district health authorities in the London area that could not provide sufficient abortion facilities on their own. The most important of these was Brent District Health Authority, which asked FP in 1979 to provide day care abortion for Brent women, paid for by the Authority, until Brent established its own day care service. This scheme has provided FP with approximately 1,000 patients per year (about ten per cent of its total patients).

B. Public Relations and Advertising

From the start FP, as a registered charity, faced regulatory barriers to advertising not imposed on commercial clinics, many of which adopted confusingly similar names. Clearance for all advertisements is required from the Advertising Standards Authority, the Institute of Practitioners of Advertising, and the Department of Health and Social Security (DHSS), and the controversy associated with abortion often led them to refuse it, at least at first. For example, the Yellow Pages accepted an

advertisement using the word 'abortion' only in 1979, tried to refuse it several years later after pressure from anti-abortion activists, and relented only after some vigorous correspondence from FP. London Underground also refused advertisements with the word 'abortion' until 1979. Once FP opened the way, other abortion services followed suit, increasing general awareness about abortion services but diluting FP's advantage in being first to advertise. FP was not able to overcome the Independent Broadcasting Authority's ban on advertising abortion or pregnancy testing services on radio or television, nor was it able to convince the BBC to feature it in one of its free charitable appeals, which focus on 'the more publicly acceptable and appealing causes' and are generally 'for particular areas of need, rather than named charities'.[1]

A relatively small advertising budget also constrained the reach of FP's message. Nevertheless FP made increased public awareness a high priority, out of a belief that many women faced with an unwanted pregnancy did not know where to turn, especially if they found their GPs unsympathetic.[2]

In 1973 a part-time press and information officer was appointed, who held that position for more than ten years. In addition to representing FP on many committees which sought to prevent increased restrictions on abortion, she undertook several programs to increase awareness of FP. An

---

[1] D. Leat, Charitable Fundraising by Means of Radio and Television: an Exploratory Study (Berkhamstead, nd), pp. 8, 6.

[2] The observations of one patient surveyed by FP were typical in this respect: 'It never occurred to me to go to my GP -- I felt I had made the mistake [of getting pregnant] and therefore should pay for it. I suppose I was not even certain that it [abortion] is legal, lots of people in my age group are the same, we don't think about it much until it happens and we don't know what is legal and what isn't'. Another who had an abortion on the NHS said: 'It took weeks to go through and I was treated like dirt. I would never recommend the NHS unless [the pregnant woman] was destitute'. Survey undertaken by FP Information and Publicity Department, nd.

important one was providing the medical and scientific press with a ready source of information about abortion. Because abortion repeatedly flared up as a political issue in the mid-1970s, FP was frequently quoted in the newspapers as reporters came to rely on its body of knowledge on family planning and the social circumstances of women who seek abortion. Surveys of patients showed that many had learned of FP through news stories, demonstrating that this approach helped FP find customers as well as raise public awareness generally about legal abortion services. Nevertheless, as abortion became less controversial and less frequently discussed in the newspapers, the articles discussing FP which did appear tended to appear in 'papers like the Guardian, New Society or Women's Voice', which FP felt 'are rarely read by the women we want to reach'.[1]

From its inception FP was acutely aware of its 'competition': the NHS, other charitable clinics, private clinics and individual Harley Street doctors. Because it believed strongly in the superiority of its service and in the mission of changing reluctant NHS doctors' attitudes about abortion and of spreading information to women generally about the availability of abortion, FP never disdained advertising as many co-operatives do. Regular commercial advertising began in 1974; the proportion of women referred to FP by GPs, which dropped from 78% in 1973, dropped to 60% in 1974 and 37% in 1982. Escalator panels in the London Underground proved to be by far the most effective advertising medium, attracting approximately half of the 20% of patients who discovered FP through advertising. As the NHS expanded its services in London, FP identified 'the younger, single women, who will not have access to NHS day care [abortions] because they don't consult

---

1 'FP Advertising', memorandum by Laura Dobney to the Administrative Team (13 Nov. 1978).

doctors', as the most important target group.[1]

FP advertising was smaller than that of its major competitors because of lack of funds. In 1978, when FP was spending £13,500 annually on advertising, it examined the advertising patterns of its major competitors. It found that the BPAS, a comparable charity, was able to afford £100,000 annually in ads, many in expensive national papers, because it had centres in many cities; the Marie Stopes clinics spent £60,000 on London ads, which it could afford because they provided a wider range of gynaecological and family planning services than FP and thus derived more customers from each advertising pound. The press and information officer concluded that FP's current level of expenditures was 'enough only to achieve a minimal awareness of our service in comparison with others' and FP accordingly increased its advertising budget for the following year, but still to less than £20,000. When patient numbers began to drop somewhat in 1982 (caused partly by the failure of British Telecom's call-forwarding equipment following a move to new Central London premises), FP decided to extend its paid advertising campaign and budgeted £50,000. An advertising agency was hired to plan an effective mix of media. A new 'soft' logotype, intended to project a caring and sympathetic organisation, was placed on all FP materials, a new mailing to doctors was undertaken, and patients who had used other abortion services were surveyed as to why they did not use FP.[2]

Unlike a traditional business, however, FP did not use advertising

---

[1] The decline in the percentage of patients referred by GPs resulted mostly from an increase in patients who did not have a regular GP or did not wish to consult their GP about abortion. In 1982, 28% of FP patients were referred by other medical organisations such as family planning clinics, Brook Advisory Centres and the Brent Health District; 35% learned about FP from a friend, former patient or advertising.

[2] See T. Richard Johnson Ltd. Advertising, 'The way to increased business for FP - various options reviewed' (26 October 1982) and Main Administrative Team minutes (2 Dec. 1982).

as a means of boosting profits. Concerned to provide a brake on abortion prices generally, FP pegged its fees to the lowest level consistent with survival. For example, it froze fees throughout 1983, even in the face of rising costs, 'partly because we felt charging more was unfair to women, partly because we felt it would only increase the number of women who would take loans because they couldn't afford to pay, and partly because we felt we'd lose patients'.[1] This caused a financial crisis, which was a forerunner of many to come. Advertising continued to be an important aspect of FP's efforts to attract customers, but like other elements of the co-operative's operations it was subordinate to its central, basically political goal of supporting women's access to abortion.

For many years the press and information officer worked in a building separate from the rest of FP. She maintained a nearly exclusive hold on contacts with the press and 'outside world' and her functions were not widely understood. During interviews many FP members expressed resentment of her for standing outside the co-operative ethos. This resentment may have been compounded by personality clashes. As the research for this chapter came to a close, FP was trying to integrate its press and public relations work more closely into the organisation, and more of it was being taken over by the co-ordinator (the chief administrator).

C. New Services

FP took great institutional pride in being the leading organisation in its field. From its inception it sought to attain the quality control available only through running its own clinic for terminating pregnancies, as opposed to simply referring women seen in Central London to the NHS and private nursing homes. In 1971 it took a tentative step in that direction,

---

[1] Warren interview, p. 55.

reaching a long-term contract with a 28-bed nursing home in Fairfield. Not until 1979 could FP buy its own clinic, a 40-bed facility in Kew which cost £350,000.

Having established its own medical facility, FP then sought to expand its clientele, stabilise fluctuations in income and boost its reputation for leadership by introducing new services which could take advantage of Kew as well as Central London. Over the years FP introduced a post-coital contraceptive service, very early pregnancy testing, very early abortions, sterilisations, abortion counselling for men and post-abortion counselling for women. The post-coital service, the first in Britain, was particularly important. It used relatively small amounts of hormones to prevent implantation of the fertilised ovum in the uterus. The launch of this service in April 1981 required considerable public relations work with the media, gave rise to several publications and an international conference, and prompted the Family Planning Association to start a major campaign to make this service available from all GPs and family planning clinics.

As other private sector abortion services encroached upon parts of FP's traditional market, some members foresaw FP's evolution into a women's health care organisation, offering family planning and routine gynaecology; others wanted it to undertake other sorts of elective procedures, such as hemorrhoids, varicose veins and cosmetic surgery. The difficulty FP found in launching every new service is that 'we're committed to the NHS. That makes it difficult to open any new service as private medicine, which is what [FP is]'.[1] In 1974 FP gave a district health

---

[1] Mary Banks [information worker] interview, p. 10. The commitment to the NHS was very strong, as indicated by a policy statement written in 1983: 'It was [FP's] intention in 1967 and remains its intention to go out of business or to be taken over when the NHS provides abortions in the numbers required'. 'Family Planning Ltd.', fundraising proposal to the Greater London Enterprise Board (1983).

authority £1,900 to start its own day care abortion service, even though its success would make it a direct FP competitor. A feasibility study of a sterilisation service was typical in stressing its potential benefit for women more than for FP: 'It would give FP the opportunity to expand its services and provide something which women have asked us for. If at the same time we can reduce the charges in the private sector, we would be doing something useful'[1] (emphasis added). A Working Party on New Services, meeting in September 1982, explained its basic approach as follows:

> It would be irresponsible to start up new services without a definite aim in mind just to bring in extra financial help during the present crisis, regardless of whether such services fitted the criteria for FP's existence. However, FP is faced with a drop in patient numbers that is not just seasonal and could well continue, and we have to accept the responsibility that, in order to continue to provide abortion for women who need it, we have to be competitive in a business sense. Equally important, alongside keeping to our original aims and remaining functional by being competitive, is that we should provide a model service as far as the NHS and other agencies are concerned.[2]

During the period studied, FP's new services stayed fairly close to the organisation's roots, drawing on established strengths in counselling and pregnancy-related health problems. In 1983, for example, a menopausal and pre-menstrual tension counselling service was begun, partly to keep the counsellors occupied after a cutback in the contract with the Brent District Health Authority. Another theme of new FP services was to offer the latest innovations in pregnancy testing and termination, such as radio immunoassay tests for early pregnancy detection, post-coital contraception and early termination. FP was proud of its reputation of leadership -- 'we may be small, but we lead the way' said a hand-lettered poster in the Central London premises -- which predisposed members to supporting technologically advanced services. Even so, members reported considerable institutional drag

---

1 'Female sterilisation - feasibility' (Oct. 1981).

2 FP, Working Party on New Services, discussion paper (6 Sept. 1982).

whenever a new service was proposed. Group counselling for men was suggested in 1981 after one member had seen successful examples in American abortion clinics; it

> didn't happen. It's like, 'Groups? We've never done groups before. Oh, and what room are we going to use?' That's the level of the discussion.[1]

The post-coital service was agreed upon two years before it was finally instituted.

> Things don't get done, people don't follow up, and then there's another large scale meeting and people want to know why it hasn't been done and they start arguing it through all over again.[2]

None of the new services proved as profitable as their proponents had hoped, due partly to the difficulty of advertising them on a limited budget and to the disruption caused by integrating them into the existing full workload.

While the marketing of FP to its target audience through paid advertising and public relations work was quite sophisticated, unusually so for a co-operative, some members were clearly uncomfortable with 'selling' FP at all, which impeded the success of new services. For example, there was no sign advertising the post-coital service in the room where women waited for abortion counselling, because that might 'make [patients] feel guilty or unhappy that they didn't use it'; there were no pamphlets advertising FP's termination services in the pregnancy testing waiting room, on the grounds that they might upset women seeking to confirm a wanted pregnancy.[3]

---

[1] Banks interview, p. 12.

[2] Laura Dobney [press and information officer] interview, p. 20.

[3] Ibid., pp. 28, 27.

5.1.3. Organisation of Work

While the structure of authority and decisionmaking changed considerably since 1968 as FP transformed itself into a co-operative, the organisation of work within FP remained remarkably constant. Doctors and nurses performed the medical exams and operations; part-time counsellors interviewed clients before and sometimes after their abortions; and a 'rota' staff handled the administrative jobs of reception, telephone answering, bed-booking, performing pregnancy tests, accepting money and keeping records.

The major change in work organisation since 1968 was the purchase of the Kew clinic so that FP employees became responsible not just for pregnancy testing and counselling but the entire termination process. FP was committed as a co-operative to job rotation as much as possible, but medical hierarchy and legal requirements imposed definite limits on which jobs could be rotated. Some counsellors were trained to do the administrative work, and the 'rota' itself was designed to reduce boredom for those who had to do some of FP's least interesting jobs; but as the planning officer observed in a report on revamping the structure of work,

> it is clear that there is a lot of frustration amongst the rota staff about the job, each other and their own individual job satisfaction .... People felt that they had no control over the jobs they were doing, that what they did was imposed [by others], that [frequent rotation] meant it was difficult to get any satisfaction from the job, and no chance to suggest changes even when it was clear that the way of working was wrong.[1]

One veteran of rota work underscored these criticisms: 'It's a boring job and a tiring one, repetitive, and it takes everything out of you. Most of the rota staff have university educations and half of them have master's degrees and

---

[1] K. Sand, 'Planning report on the working system in Central London' (4 Jan. 1983).

they're doing the same thing over and over and over again -- they're bored stiff'.[1] Of the job content factors which Hackman and Oldham identify as promoting job satisfaction -- skill variety, task identity and task significance -- the rota jobs offered only skill variety, and a small amount of task significance. The information worker aptly summarised: 'My job is fantastic, but there are so few jobs in the organisation that can be fantastic'.[2]

Counsellors appeared to be the most satisfied group of workers at FP. FP's first counsellors were trained social workers, but the lack of long-term contact with the clients disheartened them. Accordingly lay counsellors were hired and trained, with excellent results for both the clients and the counsellors. Counselling required a high level of interpersonal and intellectual skill, and the clients were varied and generally grateful for the counsellors' help. One counsellor's assessment is typical:

> I love the job. It enables me to use both my brains and my feelings in a way that no job has ever been able to do for me before .... The clients are not generally neurotic or crazy; they are basically quite healthy though very distressed. They can bring a lot of resources to their problems, and you can offer people something they want and which solves a big problem.[3]

Another counsellor noted as the positive aspects of her job: 'Being responsible for ... my own work; not having bosses (a plus for the collective structure) but having the opportunity to grow with other people ... who are very stimulating; the intensity and intimacy of contact with patients'.[4] Counsellors noted that women seeking abortions were on average calmer than FP's earliest clients, who felt 'they were in a crisis situation. Many

---

[1] Banks interview, p. 8.

[2] Ibid., p. 9.

[3] Tom Briggs [counsellor] interview, p. 7. Initial training consisted of three months of informational seminars and in-service work, group meetings and tutorials; follow-up training and support group meetings continued thereafter.

[4] Results of a questionnaire distributed in Central London as part of a study of its work system by the planning officer (1983).

threatened suicide and/or had attempted to abort illegally'.[1] This change of attitude made the counsellors' job somewhat easier.

For the counsellors and administrative staff, who together predominated in Central London, a key source of job satisfaction was the opportunity to work with other women in a job which supported women at a time of great stress. This aspect of the organisation shall be termed 'feminist', but the feminism at FP was less theoretical, dogmatic and exclusionary than the feminism at Athena. The extreme diversity of the patients -- many of whom were married and all of whom had some relationship with men -- their need for emotional and practical support, and the need to keep the system moving ensured that FP's feminism remained broadly inclusive.[2] It was perhaps the most important cohesive force in FP, more so than pride in being a co-operative, allowing members to find reward even in unpleasant, boring jobs.[3] One counsellor said:

> People are attracted to this work because it is about women and women's issues; it is almost the heart of feminist concerns. We try to help individuals when their biology constricts their options. We help women take control of their own lives.[4]

The deputy administrator in Central London, after describing how boring the administrative rota was, explained why people were nonetheless glad to work at FP: 'Because it's a women's organisation and because abortion is politically important'. She continued:

---

1 Pam O'Rourke [Kew administrator] interview, p. 1.

2 'Case Histories from FP' (1979).

3 Cornforth et al. have written about several co-operatives whose sense of mission derives from their unusual product or service more than the example they set of democratic working. The wholefoods wholesaler Suma believed they were helping save people from poisoning themselves with chemically treated food; Oakleaf bookstore hung on even when wages were extremely low in order to offer people access to more radical works than appeared in High Street bookshops. Cornforth et al., p. 202.

4 Helen Hill [counselor/administrative worker] interview, p. 1.

> It's a very magnetic place, because it's made up predominantly of women who are all very much of a type I suppose in Central London, a sort of left-wing, trendy intellectual type, but not over the top .... Most of the people here are overqualified for the job. I mean a monkey could do most of the jobs that we do. What holds us together is the ideology of the place and the fact that we're helping women. It's such a strong support network that it takes you over and it becomes almost your home and your security. Most people here don't think we have to make that many personal compromises at FP, that we can be ourselves through our work ... I don't think we're very radical, but we're very aware, very conscious [of women's issues], sort of feminist in orientation, and that gives us a special satisfaction.[1]

One factor contributing to the coherence of FP staff was that recruitment, whenever possible, was by word of mouth. While newspaper advertising was used for some positions, FP preferred as a matter of policy to draw upon people whose ability to cope with the unusual demands of the work, and desire to do so, could be vouched for by one or more existing members.[2]

The pervasive sense of mutual support and pleasure in working for a pro-women's organisation had important consequences for FP's functioning, at least in Central London. First, members' unusual degree of identification with each other and with FP's mission meant that the Central London workers accepted worse wages and working conditions than they would have otherwise. All FP staff were members of the ACTSS union, and FP management, both before and after the co-operative was instituted in 1981, always accepted whatever annual wage increase the national union established for its members. In this way the union provided a valuable way of neutralising the potential conflict between members' dual roles as workers and managers, and helped them avoid the temptation to keep their wages low simply because they were dedicated to the organisation. Sometimes the staff

---

[1] Ruth Morgan [Central London deputy administrator] interview, p. 2.

[2] One of the reasons behind this policy of recruiting friends and acquaintances was to guard against the infiltration attempted by anti-abortionists who answered newspaper ads for FP jobs in the mid-1970s, but it proved effective for other reasons.

sacrificed its own pay rise to help keep prices low for patients, although this was rare; in November 1981, for example, the first year of the co-operative, 'the staff ... agreed not to press for higher pay or bonus this year, especially in view of the financial situation'.[1] FP members recognised the irony that their dedication might lead to self-exploitation. One group of workers observed in the course of a pay dispute:

> Staff at FP are in an unenviable position: we're asked to accept less than ideal working conditions because we exist to 'help women'. [Central London] staff are overworked and stretched to the limit in difficult -- to put it mildly -- conditions. We have a perennial shortage of staff because it doesn't cost FP anything to squeeze out more labour from the existing loyal staff. All of us are asked to take a cut in pay so that we can continue charging women what they rightfully should be getting for free. And all this because we're concerned about women!![2]

Rothschild-Whitt notes that the low pay common in non-traditional firms may stem from financial necessity, but also 'ensures that their staff will continue to be made up of people whose dedication is to movement goals, not to protecting their jobs'.[3] But even workers in traditional companies have been willing to forego income to retain membership in a work group they valued, and it is clear that Central London FP inspired remarkable cohesion and loyalty in its members.

Another consequence of members' strong sense of identity with FP and its mission was that it enabled them to be more open to criticism and

---

1 Central London Administrative Team Minutes (19 Nov. 1981), item 4.

2 'Staff salaries', note signed by Sylvie, Pat, Franca and Susannah and posted on FP notice boards in July 1981.

3 J. Rothschild-Whitt, 'Problems of democracy', 4 Working Papers for a New Society (Fall 1976).

self-criticism than is common in most firms.[1] FP regularly sought criticism from outside. In 1974, for instance, FP hired a marketing research firm to analyse what patients thought of their treatment at FP. While many of the patients' negative feelings stemmed from their own anxiety and ambivalence about having an abortion, there were also structural flaws in FP's treatment of patients -- long delays, inadequate informational pamphlets, a grim decor, an embarrassing way of taking money, occasional brusqueness of staff -- which FP then tried to remedy, with apparent success.

If a feminist ethos predisposed FP to handle criticism constructively, the spur for initiating such criticism was almost always financial worry. As noted above, FP tried to keep its prices as low as possible for essentially political reasons, making true prosperity unattainable. The Finance Officer said in 1981: 'FP will always be in a financial crisis; if we were not, we would not be doing our job properly'.[2] But unexpected reverses sometimes pushed FP from struggling equilibrium into real crisis. The first and most important of these reverses occurred in 1979-80, when FP purchased the Kew facility. An unanticipated five-month delay in securing DHSS approval to operate the clinic meant that it produced no income even though FP, honouring its commitment, continued to pay the full salaries (amounting to £75,000) of the staff there who intended to join FP. For the first time in its history FP was no longer a referral bureau which could easily reduce its salary payments and overheads to follow a drop in patients; it was a 'producer' of terminations, with heavy fixed costs. The five-month

---

1 The job description for counsellors was an interesting indication of the qualities among FP members which may have predisposed them to handling controversy productively: 'ability to empathise with women in distress; objectivity about an emotional situation and the ability to be self-critical and to convey information in an understandable form'. 'FP counsellors: their composition, recruitment and selection' (1976), p. 1.

2 Quoted in K. Sand and M. Robinson, 'FP Review Part 2' (Oct. 1980), p. 3.

delay speedily drained FP's painfully accumulated cash reserve of £56,000. As FP sought some way out of its financial bind, much useful work was done to analyse the needs of FP's market and the weak points in its operations. An outside systems analyst was hired, and he produced a lengthy and thoughtful report which demonstrated that each one per cent variation in patient flows meant £10,000 annually in income, and that a five per cent drop -- difficult to detect in the short run because of seasonal variations -- would mean bankruptcy. The analyst recommended various ways of increasing patient flows in Central London so that beds in Kew had more paying patients, including reorganising the rota of nurses in Kew, purchasing an inexpensive computer system to free more rota staff from laborious (and disliked) form-filling, shunting resident patients into the underutilised facility where foreign women were seen, and starting another pregnancy testing unit in a different location. Later in 1980, another analysis of patient flows showed that continued fluctuations were draining income, which could be smoothed out by more co-operation between the bedbookers in Central London and Kew staff. Other reforms implemented included increased advertising at specific locations, Saturday phone answering and pregnancy testing, and staggered hours.[1]

Another income source which FP re-examined because of financial difficulty (just as it was converting to a formal co-operative) was repayment by women who had received loans from FP to finance their abortions. An analysis revealed that 'the number of people who had made no attempt to repay or had only paid intermittently was greater than the number of people who had repaid or who were paying regularly'.[2] The advice of a solicitor on FP's board was sought. He rewrote the loan forms to make them more

---

[1] Robinson, 'FP Review', esp. p. 15.

[2] FP Finance Team, 'Loans Report for MAT' (Sept. 1981).

'official-sounding'. The Finance Team decided to obtain more security for repayment from clients, and non-paying clients were systematically approached. Delinquency rates dropped rapidly. In the same period, the Central London staff voted to postpone asking for a pay rise beyond the 'insulting' six per cent negotiated by their national union out of a concern that 'the next few months will be difficult for FP financially', an indication of how strongly the membership identified with FP's needs.[1]

Financial crisis prompted another re-examination of FP's market and operations in 1982. Interest rates on the mortgage taken out to finance the purchase of Kew had risen to 20%, and interest payments alone from 1979 to 1982 were more than £170,000. The cumulative deficit through 1981 was already £30,000; then a move to new Central London premises, because of the failed call-forwarding system, caused a serious drop in patient numbers. Fees were frozen to protect patients' welfare and because resistance to higher fees was feared, but after firm-wide consultation a comprehensive reform program was instituted to ease the financial pressure. Most importantly, a close analysis of patient flow figures prompted FP to seek DHSS permission to raise the ceiling on Kew patients from 40 to 42, in order to achieve an average daily patient flow (after cancellations) of 38. In addition, operating sessions were cut to save the sessional fees of surgeons and anaesthetists; a corps of local nurses was built up to avoid paying agency fees for sick-day and holiday replacements; pregnancy testing and counselling was begun at Kew to attract local women who might not go to FP in Central London; the clerical staff analysed patient records, and transferred the data to FP's microcomputer, in order to permit more effective marketing of FP's services; a 'Friends of FP' was proposed to provide more charitable contributions, drawing on ex-patients and previous

---

1 **Minutes of the** Central London Staff Meeting (8 Sept. 1981).

benefactors; advertising and fundraising were planned to target firms with a large proportion of women workers; grants were sought from the Greater London Enterprise Board; and as discussed above, various new services were considered and some implemented.[1] It is evident that members' unusual sense of loyalty to FP, and the high level of member knowledge and communication which flowed from its democratic ethos, helped FP devise a thoughtful reform package both in 1979-80 and 1982-83. As the planning officer wrote in a review of the 1980 reforms, the problem of inadequate patient numbers

> was discovered by [the] Planning [Officer] on Tuesday 7 October. The calculations were confirmed by the Finance Officer on Wednesday 8th October. The Administrative Team was alerted on Thursday. The document 'Fluctuations in Patient Numbers' circulated on Friday, to give everyone a chance to look at the background figures. And on Monday the 13th a [Central London] staff meeting finalised the [complex plan for stabilising the fluctuations], which will come into operation on November 3rd. This response speed (four working days from problem to solution) demonstrates that a fully participatory decision-making system can be just as fast (and in this case probably faster and more efficient) than more usual methods.[2]

A consultant systems analyst present at FP during this period observed: 'The calm and efficient, almost everyday manner in which this far-reaching plan was made ... amazed me .... I reckon that in the long run FP is going to be unbeatable'.[3]

Another reason why FP was able to face its financial crises constructively is that, almost uniquely among British co-operatives, it had a full-time staff member performing the 'planning' function: analysing the firm's operations systematically for weak points and devising solutions which drew on an insider's intimate understanding of its methods and

---

1 'Family Planning Ltd.', fundraising proposal to the Greater London Enterprise Board (1983).

2 K. Sand and M. Robinson, 'FP Review Part 2' (Oct. 1980), p. 16.

3 Robinson, in Ibid., p. 16.

personalities.[1] Chapter Three argued that co-operatives often degenerate because they do not seek out regular infusions of information and analysis from outside. FP, acutely aware that it had many competitors, and determined to offer women the best service available, managed to institutionalise regular review by allowing the planning officer to analyse FP's internal efficiency and its success in meeting market needs. As we will see below, even useful reforms got shelved or took a very long time to implement, but it is still a credit to FP that it built in a regular source of feedback on improving its procedures.

5.2 Financial Analysis

Analysis of FP financial records through 1984 reveals two distinct periods for the organisation (see Table 5.1). During the first period (1969-78), FP prepared for acquiring a clinic, and during the second (1979-84), the clinic was purchased and put into operation. During the first period FP accumulated significant assets, had few liabilities and little debt or interest expense. In the second period, despite greatly increased income from the clinic, FP had large debt and interest expense and difficulty matching its fees to its costs, which grew substantially.

In both periods, FP's finances were unusually volatile. FP was always committed to earning enough to provide an excellent service, but its fees were constrained by its desire to be a 'drag anchor' on prices for private abortions. Instead of building up reserves when patient demand was strong, it cut fees. Consequently, unforeseen economic changes -- wage

---

1 Hiring this planning officer was the direct result of the outside consultant's study prompted by the financial crisis of 1979-80. Robinson, 'FP Review' (Apr. 1980).

increases, fluctuations in patient numbers, a need for greater advertising -- easily disrupted its financial equilibrium.

In the early period, receipts rose substantially as the service became experienced and widely known, but costs rose faster. Thus in each year between 1973 and 1978, for example, FP made losses, amounting to 18% of total receipts in that period. Revenues increased 2.1 times between 1973 and 1978, but the cost to FP of providing the services it offered increased 2.3 times.

FP's financial status changed substantially in 1979 with the purchase of the Kew clinic and the elimination of the building fund. FP depleted its current assets, took on £342,750 in debt, and began incurring 14% in interest expense on that debt. The combination of interest plus mandatory repayment of principal on the Kew clinic cost an average of £70,000 annually through 1983, some six per cent of annual income. A five-month unexpected delay in gaining DHSS approval to open the clinic severely strained the co-operative's finances, since it honoured the obligation of paying the clinic's staff without any corresponding income. But even after that initial hurdle was surmounted, income continued to be highly erratic.

Revenue jumped 214% between 1978 and 1979 because the purchase of Kew meant that FP received the termination fees that had previously gone to private doctors. Revenues rose again the following year, Kew's first full year of operation, by 124%, and then bounced around, changing +13%, -4% and -3% in 1981, 1982 and 1983 respectively. Revenues grew 30% in 1984 in response to a fee increase, better advertising and a more consistent 'loading' of the Kew beds, reaching £1.5 million in that year. These volatile

revenues, combined with difficulty in controlling costs, meant that profits[1] were inconsistent too. Profit margins on sales were +7% in 1980 and 1981, -6% in 1982, -9% in 1983 and +5% in 1984.

Members had no financial investment in FP beyond their £1 membership fees. Of course, FP members were not wealthy; wages were sufficient but not generous, so a lack of internally generated investment in the firm was not surprising. But on top of this simple financial impediment there was also a psychological one. Unlike the other case study co-operatives (Chapters 6 and 7), 'investing' in FP was a concept foreign to its members. They did not think of it as a business, in which they could invest to receive an eventual reward. They looked at it as a medical service for needy women, a kind of charity, to which they were emotionally and politically committed. As we have seen, new services were extremely difficult for PAS to introduce. Without any pool of accumulated capital to draw upon or a direct stake in the firm's growth, the membership had few incentives to fight their strong tendency, as counsellors and medical professionals, to emphasise the immediate provision of help over the long-term vitality of the firm.

Over the entire 1969-84 period, FP's revenues grew substantially, especially after the Kew clinic was purchased. This growth in itself was the result of considerable effort to boost patient numbers and find alternative sources of revenue. FP's key problem was ineffective cost control. The figures suggest that FP often reacted too late to surprisingly high expenses,

---

[1] Much co-operative literature avoids use of the capitalist term 'profit' in describing co-operatives' finances, preferring the term 'surplus' to denote what the co-operative has left over for investment or distribution after receiving all revenue and paying all expenses in a given period. Since co-operative members can increase or decrease expenses at will by changing their own pay, the concept of leftover funds is somewhat artificial whether termed profit or surplus. Because of its widespread use and recognition in the analysis of firms' financial results, this thesis uses 'profit' rather than 'surplus' to denote the residuum of funds remaining after expenses in a given period.

producing a seesaw battle between retrenchment one year and the need to expand the next. A computerised data analysis system was finally introduced in 1983-84, and it promised to give management greater control over income and expenditures.

Nevertheless, it was not easy to cut labour costs, which were FP's biggest expense. In general staffing was lean and the rotas were well-calibrated to match patient flows (except for some periods which required excess nursing overtime in Kew). Further cutbacks would have hurt the capacity of the system to see and treat patients effectively, which would eventually have hurt revenues. Doctors and nurses were paid market rates to attract competent people. FP accepted the union-negotiated pay rise each year for its other staff, which a tougher management might have tried to fight, but this still left the Central London members with relatively low wages. In fact, as we shall see, it could be argued that greater expenditure on wages was necessary to help FP's finances: to hire someone to produce more effective advertising and market research, to hire a fundraiser, to hire a management consultant or an administrator with substantial management experience. This is the familiar problem of inadequate resources, common to most co-operatives, which in FP's case was combined with a weak interest, common among the 'caring professions', in growth and other traditional measures of economic success.

FAMILY PLANNING LTD. Table 9.1

Selected financial information

(Rounded to nearest 000)

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Total Revenues (pounds) (000)	15	16	33	72	77	109	115	106	115	154	477	1,066	1,202	1,233	1,179	1,516
Cost of Services (pounds) (000)	8	12	24	48	58	68	83	92	98	130	473	820	929	1,000	1,064	1,199
Operating Expenses (pounds) (000)	3	3	8	20	29	31	33	61	39	51	131	174	192	210	194	225
Earnings after Tax (pounds) (000)	4	0	1	4	-10	-11	0	-47	-21	-27	-127	72	80	-7	-106	75
Earnings/Revenues (percent) (profit margin)	36	2	3	5	-14	-10	0	-46	-19	-18	-27	7	7	-1	-9	5
Total Debt (000)	0	0	0	0	0	0	0	0	0	0	343	279	226	194	188	230

"Cost of services" includes staff salaries, fees paid to doctors, surgeons and counsellors, depreciation, subsidies to indigent patients, interest, advertising, linen services and pathology.

"Operating expenses" includes rent, rates, light, heat, telephone, repairs, printing, postage, stationery, legal and accountancy fees and insurance.

5.3 FP as a Co-operative

5.3.1. Historical Development

FP began as a traditionally organised charity, run by a board of directors (called the Management Committee) meeting quarterly which chose a full-time director to hire staff and made most executive decisions. In 1974, angered at the remoteness of the Management Committee, the staff formed a Staff Association to negotiate over wages and conditions and to formalise staff input into decisionmaking. At staff instigation, and after several months of sometimes heated bargaining, an Administrative Team composed of the chief administrators and several staff representatives became the regular forum for resolving operational issues, meeting with the Management Committee before its quarterly meetings.[1] A union-negotiated employment contract was signed in 1977, the same year that FP's first director resigned, partly because she had reached retirement age and partly because increasing staff militancy had made her job more difficult. Pam O'Rourke, a leader of the staff association who had started as a counsellor in 1974, was made acting director while a replacement was sought; she and other staff representatives participated in the search, which approved a candidate favoured by the board of directors.

The board envisaged a continuation of traditional hierarchy, with the director being the only member of staff reporting to the board, and assisted in running FP by staff representatives as she saw fit.[2] The new director attempted to dismiss the acting director, prompting a staff rebellion. A divided board eventually agreed to find a new director more acceptable to the staff, and eventually chose Laura Cox, who had run

---

[1] O'Rourke interview, p. 6; A. Phillips, 'Proposals for the re-organisation of FP' (5 Feb. 1975).

[2] Alan Ogden [Chairman of the Management Committee], 'Proposals for the governance of FP' (May 1977).

counselling at FP in the mid-70s and had established ties with the staff which made it possible for her to deal with its increased assertiveness.

The Administrative Team became the main focus of FP decisionmaking. Its members included the director, deputy director, departmental heads (counselling, administrative, finance, press & information, senior doctor and matron) and several staff representatives. It met monthly or more often as necessary, and during the period when the Kew clinic was purchased and put into operation, meetings were frequent 'and often over-long, with a consequent loss of concentration and efficiency'.[1] Director Cox reported difficulty in balancing increasingly participative decisionmaking with heavy work demands:

> We have agreed to try to become more disciplined in meetings, and to tighten up the means by which decisions made by the Team are carried out, but must still discuss in more detail how to remain democratically based and yet be efficient, with such a high work-load to deal with. At present working groups take on individual tasks, but so much of our work is face-to-face with women who come to us, that there is little time for groups to meet, and we still suffer from a very slow pace in implementing decisions.[2]

As FP groped towards balancing its nascent democracy against drowning in interminable meetings, Cox might have agreed with the later observation of a group of co-operative theorists: 'As it grows, the very democracy a collective is trying to preserve is in danger unless more complex structures are evolved'.[3]

The addition of Kew put new demands on the decisionmaking structure. First, the geographic separation made it difficult for representatives from both sites to meet; consequently a Kew Administrative

---

1 'Report on the workings of the Administrative Team, Sept. 1978 - Sept. 1979' (Oct. 1979).

2 Ibid.

3 Cornforth et al., p. 142.

Team (KAT) and a Central London Administrative Team (CAT) were created to handle the operational problems of running each site, with a Main Administrative Team (MAT) to oversee the whole organisation. The director and MAT's other members, dissatisfied with the amount of time meetings took from productive work and the difficulty of ensuring good communications both from and to MAT, frequently reorganised the meeting schedules. Second, it proved more complex than anticipated to fuse Central London, with its feminist traditions and political determination to keep costs and wages low, with the more traditional culture of the Kew clinic, which stressed patient throughput, medical hierarchy and high wages. (The differences between the two sites are discussed in more detail below.) Nevertheless, FP became increasingly democratic in operation. Minutes of meetings were circulated to all employees, as were annual reports with multiple employee contributions. Members of the MAT joined the board of directors for its meeting, but did not vote. Inevitably MAT became involved in broad policy decisions as well as day-to-day operations.

In 1980 staff members in Central London raised the idea of formalising FP's experience of widespread participation by turning it into a co-operative. In answer to a query from a sympathetic board member, the Charity Commissioners responded that the board of directors would have to continue, but that all staff members could become members of the company and elect the board. The exact form the co-operative should take proved extremely difficult to decide, mostly because no one had much background in management or co-operative design. A review of the existing structure by one Central London staffer observed:

> So what does all this add up to? We have KAT and CAT who run their own bits of FP -- but we're still not very sure about how they should do this. We have a Main Admin Team which talks about everything from administration to Policy and Finance and don't quite know where they are now. We have a board that in theory could do everything including close us down but don't and must themselves wonder what they should do. And we have an

> Association/company with no members other than the board in it. In total, we seem to have a confused bunch of people who by some miracle manage to run a great organisation. Just think how much better it will be when we've all got sorted out![1]

A major impetus to settling upon the form of the co-operative was the April 1980 report of the outside consultant, who had studied co-operatives and advised FP that its staff, traditions and especially its rich informal communication network presented the possibility of its becoming a 'strong' co-operative, one in which 'the members have a real and on-going say in the direction, policies, products and conditions', not simply a 'weak' co-operative such as 'Meriden or John Lewis'. He suggested various reforms which would increase a co-operative's chance of success: 'Participation by all members in sectional management; a deliberate policy of rotating staff between roles and through different sections; free access to the Admin Team; ongoing 'open-line' contact with FP first level administration and with the planning section; secondment of staff to the planning section'.[2]

After this report was widely discussed, MAT formed a task force charged with turning the various inchoate ideas about co-operative structure into a definite proposal. Many meetings, broadsheets, letters posted on notice boards and informal discussions ensued. An October sequel to the consultant's April report, this time produced with the aid of FP's newly appointed planning officer, devoted a section to 'The Co-operative Question'. It observed:

> If we decide on a co-operative direction, this is not a problem that can be solved once and will then go away. Conventional and traditional (but non-co-operative) solutions will offer themselves for every problem that we face .... and they will be attractive since they look 'obvious'. In other words, if we choose co-operative development, there will be a permanent tension between us and 'the world around us'. The tension will not be between us and

---

1 'FP Now', unsigned, undated discussion paper [early 1980].

2 Robinson, 'FP Review', pp. 54, 55, 56.

> 'outside pressures'. It will appear as divisions and conflicting viewpoints within our own organisation.[1]

In November 1980 a formal meeting for all staff and board members approved the specific proposals that had so far been developed. First, it was decided that all members of FP should become members of the company and should elect its board. Second, after considerable controversy, it was decided to keep a person named 'director', although her powers were to depend much more on consensus than formal authority. Third, the principle of separate administrative teams to run Central London and Kew, reporting regularly to the MAT, was confirmed. Fourth, it was agreed that the doctors and nurses should be integrated more closely with the rest of FP. Finally, it was agreed that the planning function should devote more attention to turning FP into what the consultant had called a 'transparent' organisation: one in which the information necessary to make informed decisions was regularly digested by the planning officer and others and presented clearly to all members. This is precisely what co-operative theorists have identified as a major task for management in large co-operatives (another is setting agendas for decision which present genuine choices),[2] and the chairman of the Board of Directors was right to summarise: 'We are already a strong co-operative'.[3] Final approval for turning FP into a co-operative was secured from the DHSS and Charity Commissioners, and FP officially became a co-operative on July 26, 1981.

---

[1] Sand and Robinson, 'FP Review Part 2', p. 44. This observation anticipated the analysis of the Cornforth group, which wrote in 1988: 'It can often be more illuminating to regard a 'personality clash' as representing an underlying conflict of interests between an individual and the collective membership of the co-operative'. Cornforth et al., p. 160.

[2] Cornforth et al., p. 153.

[3] 'Summary and conclusions - open meeting for all staff and board members' (1 Nov. 1980).

Because it made no profits, FP did not have to face some of the divisive structural questions on which other co-operatives have foundered. The question of making a large investment to join never arose; FP was limited by guarantee, and there was no recurrent need for large capital investment (the Kew clinic mortgage was already in place when the co-operative began). Since all profits were returned to clients in the form of low fees, there was no discussion about whether members should be given a stake in FP's appreciating value.

FP's evolution from traditional company into a co-operative was highly unusual. Unlike Ernst Bader, no single visionary leader gave FP to its members; unlike the Benn co-operatives, there was no imminent bankruptcy prompting the change; unlike most other co-operatives, FP was a relatively large organisation when the collective decision was made to convert. The steady growth of democratic sentiment and practices over time which characterised FP's path towards full co-operative status is virtually unique. Several factors shaped this evolution. First, the Central London staff were well-educated and shared a common culture stressing mutual support and open communication. Second, the board members who remained after the 1977 battle over the directors' prerogatives supported experiments leading toward democracy, as did the replacement director, Laura Cox. Third, because it took several years for the idea of a co-operative to become reality, members had time to grow used to democratic functioning before FP's survival depended upon it. Fourth, FP secured the services of a consultant, originally brought in to refine operations, who favoured its becoming a co-operative and was able to give knowledgeable structural advice with that goal in mind. The review he conducted, followed by one which the Planning Officer conducted with his advice, amounted to the systematic audit which the Cornforth group has recently recommended as a

way to identify structural weaknesses and engage the whole membership in the process of setting goals.[1]

5.3.2. Structural Strengths and Weaknesses

From its beginning through the period studied for this thesis, FP was a productive organisation with high esprit de corps. It was an acknowledged leader in its field, and despite recurrent financial crises continued to attract an excellent staff. Even so, it is evident that democratic organisation offered many challenges, not all of which were successfully met. This section analyses FP's structure and operations as observed during the period of active field work, to determine how democracy fared in practice.

One of FP's most intractable tensions was the division between Central London, where the culture emphasised 'feminist' support of women, and Kew, where the culture favoured patient throughput. Wages for doctors, nurses and ancillary staff at Kew were good compared to comparable medical jobs; the Central London members deliberately kept their own wages down to ensure that abortion prices were reasonable.[2] The consultant who studied FP in 1980 observed:

> When I first visited FP there was an atmosphere of suspicion and mistrust between Kew and [Central London] .... FP bought Kew to gain control over the operating as well as the counselling side of an abortion service to women, on the grounds that the 'profit' made by private clinics should go to FP. Control, to FP, means control of attitudes as well as control over finance and medical and administrative practice. In a nutshell, this means that, no matter how technically competent someone may be, nor whether they are cleaner, receptionist, or surgeon, they are not going to be allowed any responsibility unless they have the right attitude to women .... The democratic tradition of FP does not extend to those who do

---

[1] Cornforth et al., p. 163.

[2] As opposed to wages, working conditions were relatively generous, including five weeks' holiday, Christmas shopping days, and lenient attitudes towards sick days.

> not share its attitudes. Since these rules are not made explicit, a painful learning process had to take place on both sides. Kew staff were aggrieved to find that sensible suggestions or initiatives (which they were encouraged to make under the new 'democratic' system) were ignored or jumped on. On the other hand 'old FP' staff were bitter that improved conditions and a more open administration led, apparently, to gossip and a cynical attitude towards the 'softness' of FP.[1]

Regular rotations of staff between Kew and Central London and more experience in working democratically helped tone down the friction between the two sites. Nevertheless, it continued to exist.

The co-ordinator noted that 'quite a few [at Kew] would be happier with a much more hierarchical ... setup [where] everyone would know their limits [and] personal responsibility would be a lot less'.[2] Whereas the Central London staff stressed the feminist satisfactions of their jobs -- working with caring and competent women to help women in need, motivations which Cornforth et al. would term 'social' and 'moral' -- and complained about low pay, the Kew workers seldom mentioned feminist concerns and focused on the 'instrumental' satisfactions of their high wages, which FP had to pay to get experienced staff. A Kew cleaner (who earned only £20 less per week than the co-ordinator), asked what were the best aspects of working for FP, said: 'Money', and secondarily that 'there's quite a good atmosphere between us all'.[3] A Kew nurse and administrative worker said: 'A lot of the nurses want to do their job and go home. They don't want to get involved .... They want to know what's going on, but they don't want to put in any energy to find out'.[4] The co-ordinator noted that 'the medical people do on the whole see themselves as quite separate, the "professionals"

---

1 Robinson, 'FP Review', p. 11.

2 Warren interview, p. 3.

3 Karen Lynch [Kew cleaner] interview, p. 11.

4 Heather Gore [Kew administrative worker/nurse] interview, p. 2.

within the organisation, a bit of a law unto themselves, and are quite resistant to the idea of responsibility to the collective'.[1]

On a more fundamental level, it is unclear whether serious differences between Central London and Kew could ever be managed except by ignoring them. For example, 'feminist' Central London tended to favour giving women the option of local anaesthetic abortions, which were the norm in the United States and other countries, because they allowed the woman to be conscious, recover more quickly and avoid the (small) hazards associated with general anaesthesia. When women requested a local anaesthetic, however, the Kew staff were strongly negative. They overstated the pain and complications connected with it and did not reveal that 'what it boils down to is that the doctors don't like [local anaesthesia], because they have to take longer'.[2] There were infrequent but regular complaints by patients about Kew's anaesthesia policy and about a recurrent pattern of treating patients who asked questions as 'troublemakers'. 'A lot of nurses still believe that the abortion has nothing to do with the patient; she should be grateful'.[3] Some Central London staffers even questioned the FP article of faith that the highly paid Kew doctors were the best in their field. One who requested anonymity said:

> There are many doctors working here that leave something to be desired in terms of their attitude and treatment of women and their general aptitude. That doesn't mean that we don't have some good ones, but we've had a number of doctors who have worked with us for years and who were recruited when it was difficult to recruit doctors to work for FP. Many of them don't have proper family planning training.

Many Central London staff also objected to the large proportion of male doctors.

---

[1] Warren interview, p. 2.

[2] Dobney interview, p. 22.

[3] Warren interview, p. 17.

To dismiss FP doctors, however, was almost impossible; it would have violated multiple unspoken norms of the co-operative. First, decentralised decisionmaking meant that Kew was allowed basically to run itself, and there the doctors were leaders by virtue of their training and medical tradition, almost impossible for nurses or cleaners to challenge.[1] Second, it would have inflamed all the 'them vs. us' sentiments which Kew felt towards Central London if Central London mounted a direct attack on one or more doctors. Third, it is difficult to build a majority to do anything controversial in most democratic organisations. Since the general tone at FP was one of friendship and mutual support, and 'it's very difficult to know what goes on behind the doors between the woman and the doctor [anyway] unless the woman actually complains', by far the easiest course was to keep the existing doctors 'unless they actually commit an outstanding [violation of medical norms].'[2] And on a practical level, the doctors 'can earn a lot more for doing a lot less in other places, so we're not really in a position to say, "well get rid of them all". Operators are very difficult to get hold of'.[3]

Although FP did not manage to integrate Kew and Central London into a unified team, many traditional companies with multiple sites prosper despite internecine conflicts. Such tension may indeed have productive effects. Both sides did learn from each other: Kew became more 'feminist' and caring over time, while its emphasis on efficiency in output was useful for an organisation facing repeated financial worries. As one Central London staffer put it, 'I think working here you sort of realise that there's always

---

1 One Central London counsellor said: 'You know a lot of the nurses are just puppets [of the doctors]'. Sarah Poole interview, p. 3.

2 Dobney interview, p. 10.

3 Morgan interview, p. 6.

two sides to every problem and that it's very easy as a feminist to stride forward and demand things that most women don't really want'.[1]

Because of FP's gradual evolution towards the co-operative form, its structure after becoming a co-operative did not radically differ from what prevailed before July 1981. There was a CAT, KAT and MAT, which contained a mixture of relevant departmental heads and elected staff representatives.[2] A new body, the Central London and Kew Administrative Team (CLAKAT) joined representatives of both sites for regular discussions of operational (as opposed to policy) questions. The board, elected annually by the whole membership, was retained to satisfy the Charity Commissioners. No FP workers were board members, both to meet legal requirements and to have outsiders as a source of fresh ideas and expertise (e.g., legal, financial), and the board never made decisions on its own. It always met in a council with elected staff representatives (who had a majority) and FP's principal administrators, and the Council made all important decisions except those made by the whole membership at general meetings, which were held several times annually.[3] Unlike many co-operatives which resist representative structures and thus cannot easily grow beyond the size where all members can meet in a small room, FP already had working representative institutions before it converted. With such a large organisation there was no practical alternative, but FP was fortunate that

---

[1] Poole [Central London counselor/administrative worker] interview, p. 6.

[2] CAT met monthly, KAT met bi-monthly and MAT -- composed of staff representatives, administrators, shop stewards, the consultant gynaecologist and the information, planning and accounts officers -- met quarterly.

[3] To satisfy legal requirements, the last vote at every Council meeting was by the board of directors alone, who ratified everything that had taken place. If the board were ever to disagree with the staff, the staff could call an extraordinary general meeting to replace the board.

its representative bodies were already working and widely accepted before the conversion.

The board recognised that it worked for the members who elected it, but could not work out clear boundaries for its role. Board members did not want to interfere with democracy, but believed the board was ultimately responsible for FP under the law and did not want to be a rubber stamp. One board member wrote in 1982:

> [Is] FP becoming a workers' co-op or [is] it merely making a transition into becoming a more collective and democratic charity? In a workers' co-op the workers can take out in holiday or pay as much as is consistent with the continued financial health of the organisation. A charity, however, is bound only to pay what is necessary and proper to get the job done for those whom it serves. None of this comes up much at FP because the organisation is so broke. But the discussion is still an important one .... Is it the Board's role in the final analysis to balance the needs of the women FP serves and the needs of the people who work for FP, or are those decisions really ones for the staff to make with the Board merely ratifying them except in the case of some obvious abuse?[1]

Another board member believed he might be useful because

> people not involved in the day-to-day running of the organisation or day-to-day personal relationships can sometimes (not always) break through a deadlock or act as a necessary catalyst .... Regular visit/briefings should be encouraged by the staff. I recognise that this requires a greater commitment than most members of the Board (including myself) have hitherto shown. I should like FP to use the skills of the Board more for research or educational projects.[2]

A third, admitting that her visits to FP were insufficient basis for insightful contributions and that 'I can't as a Board member pretend to mull over issues around abortion on a regular basis', concluded: 'No one wants to be thought of as a rubber stamp and, in law, we would not be doing our job if that's all we Board members are -- but in a collective, if we can find no other

---

[1] J. Sinclair-Taylor, 'How I see the job of a Board member' (Aug. 1982). This comment echoes the dominant philosophy of the Central London workers, most of whom would probably have considered FP's service to women a more important value than its democratic organisation.

[2] B. Birtles, 'Note - the role of the Board' (6 Aug. 1982).

democratic role, we may have to resign ourselves to that one'.[1] In practice, the Board came to act as a sounding board, a source of technical expertise (primarily legal and accounting) and contacts to other organisations, and occasionally as shield for the staff against attacks by anti-abortionists. Individual board members periodically involved themselves in helping FP through a particular problem, for example a comprehensive review of work organisation, patient flows and fees undertaken by the honorary treasurer in 1982-83. There were no major disagreements between the Board and other members of the Council.

The major structural change after 1981 was the elimination of a director. When Laura Cox retired in 1982, it was thought anomalous to retain a 'director' in a co-operative. A staff working party considered alternatives. One was to divide the director's duties among existing administrators, which the working party thought would overload them. The second was to replace the director with a 'co-ordinator', who would represent FP to the outside world and ensure that the Kew and Central London administrators maintained communication, but would not herself have executive authority. After much discussion, and against the recommendation of Laura Cox (who preferred a more traditional director with greater powers), the co-ordinator option was chosen. The Central London Administrative Team, in recommending it, 'felt that it was very important to have someone with good managerial skills, and also stressed that the new worker should not have individual decisionmaking power that other workers do not have'.[2] The position was publicly advertised but in the end Michelle Warren, who had worked as a counsellor and on the administrative rota in Kew for two years, was selected by a committee of members and one

---

[1] T. Woodcraft, 'The role the FP Board' (Aug. 1982).

[2] CAT minutes (15 July 1982).

trustee. The co-ordinator's job description required her to chair the MAT, assist the counsellors in running the counsellor training programme, participate in future planning and the development of new services, oversee ties with professional organisations, develop FP's standing in education and research, investigate complaints, ensure that FP conformed with legal requirements, and act as negotiator on any contracts. She was to perform these jobs with the active assistance and involvement of the head Kew and Central London administrators (who together with her formed the 'Team of Three', which met informally and frequently) and other FP staff.

This structure was not entirely successful. The great majority of staff interviewed were happy and proud to belong to a co-operative, and it is evident from reviewing the vast quantity of minutes, discussion papers and notices circulated to the membership that the various committees grappled with complex issues of workflow organisation, marketing, and overall strategy with considerable sophistication. Nevertheless, it is equally evident that FP decisionmaking had some recurrent flaws. Most importantly, it was slow and inefficient. Meetings took too long (usually four hours for meetings of MAT and CAT); decisions agreed upon were reopened; implementation was slow or nonexistent. In such a large organisation, the feminist-democratic norm of decision by consensus ultimately discouraged initiative.[1] Several staff comments are sufficient to give the flavour of FP's inefficiency:

> We're constantly having meetings, and some of them are productive and some of them are a tremendous waste of time. There's so little preparation for meetings; people know what the topic is, but everybody sits there and someone says 'Well somebody start the discussion, I haven't thought about it'. We're supposed to be making decisions all the time and we very often don't because we just put it off until the next meeting .... I think we need a certain level of

---

[1] 'Consensus decision-making can. . . lead to the suppression of conflicting views. . . .Either it will not be possible to reach a consensus and the issue will be dropped, or the minority will suppress its own interests in favour of the majority'. Cornforth et al., p. 164.

> management. I hate to say that in a workers' co-op, but because it's so big, it needs management.[1]
>
> There is a lot of inefficiency in FP and sometimes things just don't get done because no one takes the initiative. We lack knowledge in how to run a business.[2]
>
> I think there's an awful lot that just gets ignored. We're always having discussions. If you look through the files you discover the same eternal topics coming up over and over. It's often exactly the same discussion because everyone had forgotten what happened before, because no action was ever taken.[3]
>
> I came to work here three years ago with enthusiasm and bright ideas and thinking, 'this is wrong, let's change this, that's wrong, let's change that'. But I've just gotten more and more frustrated, because even if you can get an enthusiastic response from people, things just somehow don't happen. It's partly that the time is too stretched.[4]

The planning officer described the overall tone of FP as 'frenzied apathy': very full and demanding workdays, members who have great interest in improving the service for the patients, but a recurrent sense of frustration in being unable to move the organisation in any consistent direction. 'We are shut into a routine which stops us looking any further forward than the immediate time. We stagger from crisis to crisis, pulling ourselves out just in time .... The phrase 'the patients come first' is a theme heard often and is admirable, [but] thinking about the needs of women in the future doesn't necessarily conflict with that'.[5] In fact, one could argue that FP had hints of the 'depressive organisation' described in Chapter Three: 'the firm drifts aimlessly, without direction .... Yesterday's products and markets become

---

1 Banks interview, pp. 7, 12.

2 Hill interview, p. 1.

3 Margaret Lucas [counsellor] interview, p. 5.

4 Poole interview, p. 1.

5 K. Sand, 'Prospects for 1982' (Apr. 1982), pp. 6-7.

today's .... Most of [managers'] time is spent working out minor details and handling routine operating matters'. While Meister's theory of democratic degeneration (discussed in Chapter 3) envisages a conflict between 'collectivists' and 'managers' in which managers eventually win out, FP presents a paradoxical example of democracy degenerating because there is not enough management.

There are several reasons for the lethargy of FP's decision-making.

First, while everyone wanted the organisation to be efficient and businesslike, over time the impulse towards democracy and full consultation responsible for converting FP into a co-operative attained great momentum. The decisionmaking structure had more incentives for 'democratic' activities like asking everyone's opinion and discussion than 'undemocratic' ones like making decisions and implementing them. Members suspected management as elitist (even the co-ordinator, the 'top manager', was a member of the union); everyone agreed, including the co-ordinator and top administrators, that traditional 'management' decisions should be shared as widely as possible. With no clear line separating the administrators' jobs from other people's, they too easily spent time on daily as opposed to strategic tasks. In addition, for everyone in FP the penalties of procrastinating decisions were more remote than those of causing strife. Thus it was difficult for anyone, even senior administrators, to gain enough leverage to change FP's course.

The decision to replace the director with a co-ordinator is an example of the democratic impulse reaching diminishing returns. Michelle Warren, the co-ordinator, radiated a 'quiet charisma' and was widely respected throughout FP for her capacity to achieve consensus. She was chosen because she impressed the interviewing committee as having a good sense of FP's democratic and feminist values and knew how to work within its complex politics, and in her new job was given good marks for running

meetings efficiently, chasing up jobs promised but undone and mediating between Kew and Central London. But she had no background in management or business, and lengthy interviews with her suggested she lacked a clear sense of direction for FP and thought of herself as a 'facilitative leader' to the exclusion of other leadership roles. Several quotations from these interviews demonstrate how the organisation's norm of consensus before action, combined with Warren's own personality and desire to preserve harmony, froze her into greater immobility than she herself knew was good for FP:

> None of us [at FP] knows what our position is (laughter) in terms of control and responsibility and those sorts of things.
>
> [My goals for FP] are very vague. I'm not good at pinning myself down on things. It's something that I'm always trying to do, and failing, it's not the way I've normally worked. I'm a very intuitive person. I'm very much a list maker and planner, but when it comes to myself I find it quite difficult.
>
> We [on the Team of Three] are in such a strange position. Everyone comes to us with their ideas, but then it's very difficult for us to do anything with them, so we get all these bits and pieces, we're all working flat out trying to do everything that we have to do, and everything gets into just a huge muddle .... There aren't any guidelines really for management of this sort of collective. We're pretty unique, so we're having to find our own way. Plus the fact that we're so busy all the time that we hardly ever have time to sit down and think. Everything gets swept away by day-to-day business.
>
> It's very difficult to get people to take on [new projects] separate from their own jobs, partly because they know it's going to be very difficult to fit it in, and partly because things have a tendency to get lost. I want to make sure something gets done, I have to go around and check up, and nudge them and push them, and you go for months and months and months with nothing getting done. What we need, in some ways, is some sort of middle management layer between the Team of Three and the workers, and that layer doesn't exist, so that the Team of Three has too much to do, and an awful lot doesn't get done.
>
> I think FP has massive problems, of understaffing, time and money, personalities, two sites, medical versus lay relationships. But considering our size, I think the democracy is pretty successful. We have extremely wide representation; it doesn't work very fast, but

it doesn't get overridden. We're still very much in our infancy.[1]

The co-ordinator had read books about co-operatives and management and wanted all Team of Three members to take courses on management, but FP lacked both time and money to make that possible.

Some members expressed doubt that the co-ordinator's job was realistically designed, or that Warren was the right choice. A Central London counsellor/administrator said:

> The job description we gave the co-ordinator is about three people's worth of work. She is good before Council meetings, papers get circulated and she is the 'point person' to get it organised. But at the other meetings it's really haphazard. Sometimes you get the paper to be discussed as you sit down.[2]

The information officer said: 'I would have liked to have seen somebody come in from the outside, with skills and experience at running a large medical organisation before they got here .... In a sense, what FP was prepared to pay determined what kind of person it would get'.[3] The assistant information officer said: 'I think it was a huge disaster that Michelle was appointed, because there was a chance to bring in new blood and someone with some ideas and enthusiasm and some direction. Michelle's very good at doing minutes and saying "Have you done this?", but few new ideas come from her and we need new ideas'.[4] These comments describe a leader on a 'reactive' leadership track, to use the typology advanced by Ropo discussed in Chapter 3. FP's environment demanded change, but the co-ordinator, while good at maintenance functions, was poor at transformational ones. And FP itself was resistant to change because of

---

[1] Michelle Warren interview, pp. 3, 31, 34, 56, 61, 62.

[2] Poole interview, p. 2.

[3] Dobney interview, pp. 21, 23. In 1984 Michelle Warren earned £114 per week, £20 more than the cleaning staff at Kew.

[4] Banks interview, p. 10.

feuding between the two sites, the press of daily business, and cultural norms which prized notions of sisterly solidarity and comradeship -- for example, the very decision to have a 'co-ordinator' rather than a 'director'. The complaints advanced against the co-ordinator showed that a more forceful leader might have been able to develop a constituency for significant change. At the same time, there was an element of political immaturity in looking to the co-ordinator to right all of FP's wrongs.[1]

A second reason that decisionmaking at FP lacked efficiency was that in addition to communication problems between two sites, it was difficult to assemble all workers at a single site. The pace of work did not permit the organisation to set aside regular blocks of time for meetings. Minutes of meetings, though well-written and informative, were often produced several weeks after the fact so that they were stale, impeding communication and a sense of involvement. Furthermore, many of FP's members were part-time or sessional workers who were not always present, and who may have had difficulty keeping themselves informed and contributing. Says one counsellor:

> Some people ... do a couple of sessions a week and some ... put in 40 hours. It's difficult to know how much commitment you can expect from different people and whether they should have the same amount to say in what goes on.[2]

This vagueness about who should be empowered to decide what, implicit in an organisation with many part-time staff, is an example of 'social loafing' as described in Chapter Three. In a large co-operative such as FP, especially since its daily work is highly time-consuming, people wait for others to do the hard work of making decisions about the future and implementing them.

---

1 In this respect the comment of a Kew floor assistant is apt: 'I think everybody wanted the new co-ordinator to be the magical person who would somehow bring us together, but I don't think that can ever happen'. Gore interview, p. 3.

2 Poole interview, p. 1.

Karen Lynch, a cleaner at Kew, unwittingly gave an example of this when she said she did not think the co-operative had meant that much to her: 'When we're in a meeting and we talk about different things, they just seem to take a long time to do anything about anything',[1] obviously believing that other people were supposed to make things happen. A group of workers complained in 1983 that 'there is a high degree of moaning (and groaning) but a general lack of interest and involvement. If we really want FP to be run democratically and collectively, then all members of staff must take responsibility'.[2] The Kew administrator felt that members dodged their responsibilities for difficult problems without giving anyone else the authority to solve them:

> This is what I see the idea of the co-op being. It's not everybody doing the same thing, because everybody has got different abilities. But it's figuring out what people have got as far as their abilities and then giving them the trust to go on and do it. I feel we've gone in the wrong direction, because half of us think that a co-operative is everybody doing everything and everybody being involved in every decision. I see a co-op as having a lot of trust, as being very clearsighted and saying 'that's the thing that you can do best, and we trust you to get on and do it' .... Because we're so insecure about our roles and one another, we spend these endless times getting together and having more meetings and doing everything over and over.
>
> I've looked at the organisation we were five years ago, and we were much more efficient .... Our sense of responsibility should be much greater for things that are going wrong. You can't have it both ways. You can't say to the Team of Three, 'no we don't trust you to make decisions about x, y, etc., oh but there's that nasty little problem there that we don't want to deal with, so we'll let you deal with that'.[3]

A third reason for the slow pace of FP decisionmaking is a classic problem for co-operatives identified in Chapter Three, lack of resources. The organisation had no surplus of personnel, facilities or money. Accordingly it

---

[1] Lynch interview, p. 2.

[2] Staff representatives, 'Notes for the emergency staff meeting' (27 April 1983).

[3] O'Rourke interview, pp. 9, 11.

was difficult to turn new ideas into reality, even if enthusiastically agreed upon by the whole membership. New services typically demanded a considerable investment in advertising and public relations as well as possibly new facilities, equipment and personnel. But almost every new service FP launched was 'squeezed in' to the existing system, scantily advertised and performed by people who were already busy and stressed. The result was often that FP 'ended up doing a lot of things badly and expanded without sorting out [its] existing problems'.[1] Although the 'middle management' layer Michelle Warren desired might have paid for itself by improving the service's efficiency, there was no money for it. Advertising expenditures should have been much higher to keep pace with competing clinics whose services were widely acknowledged to be inferior. For many years FP wanted to do more fundraising among sympathisers, which would certainly have aided its financial stability, but it could not find money to hire someone to do the work. Some of these resource constraints were of FP's own choosing: it avoided embracing private medicine fully (such as a full-scale contraceptive service or well-woman clinic) because it did not want to undercut the NHS; it kept its abortion prices low for the same reason, and to help women in need. Whatever the reasons, however, and whatever spur toward self-examination its shaky finances provided, the result of FP's consistent poverty was also to depress its members' creativity. One counsellor said:

> Well, it's a wonderful workplace on the personal level. They're nice employers and generally, everyone's friends, and if there's a problem at home, they're always willing to help. There is a lot of love and support in the organisation. But when you come to work and everyone's saying, 'we're broke, we're broke, we haven't got any patients, how are we going to get patients?' The discussion comes up over and over again, and nobody has any new ideas. The new ideas that we do have and are excited about don't bring in money. Trying to keep politically correct [by supporting the NHS]

---

[1] CAT minutes (16 Sept. 1982), comments of Robert Haverstraw, Senior Sessional Doctor.

> while staying financially afloat is impossible, and that is a constant sore point.[1]

Another said:

> On the whole FP is wonderful but I worry a lot about my security here, whether or not I'll be allowed to keep three sessions a week -- which I need as a minimum to live on. In times of retrenchment, somebody's got to be cut .... We can't let FP get to the point where closure is imminent, for the longer the possibility looms the more accustomed everyone becomes to the idea, and the energy to fight it is sapped.[2]

5.4 Conclusion

Although FP faced structural problems which derived in part from its embrace of a democratic structure, these should not be overstressed. They were not as prominent as the discussion above would make them seem. The staff is articulate and, as is often true in robust democracies, good at voicing complaints. Despite occasional lapses, FP offered a high quality of care and led its field. New services were devised and implemented, and their cost kept low. When necessary FP moved quickly: for example, when the Brent District Health Authority threatened to switch from FP to a competing charity, MAT delegated negotiating authority to the administrative Team of Three, which within a week prepared a comprehensive FP proposal for improving the service to Brent patients and lowering its cost. And when told of the possibility of a grant from the Greater London Enterprise Board to help with computerisation and fundraising, the co-ordinator was given quick authority to write a proposal, which she did, quite ably, in a week.[3] As discussed in Chapter Three, many successful firms seem highly disorganised and short-sighted to their employees; the key element in whether they

---

[1] Banks interview, p. 8.

[2] Briggs interview, pp. 8-10.

[3] Extraordinary MAT minutes (24 May 1983); 'Family Planning Ltd.', fundraising proposal to the Greater London Enterprise Board (1983).

succeed is how closely they pay attention to the market. That FP clearly did well.

From observing FP operations, interviewing its members and reading its minutes and other papers, one is left with an unmistakable impression of a vital organisation which derived much of its strength from its members' participation and pride in its democracy. In spite of their complaints, members were glad to be working in a co-operative, felt more support for their talents than in previous jobs, and thought the co-operative had given them unusual opportunities to learn and grow. Pam O'Rourke, the Kew administrator, said:

> It was a hard fight to make FP into a co-op, and to me it was the realisation of a dream which had been growing a long, long time. In the 1970s the management committee never came into the place, you never saw them at all and their names were only on paper. They met once a month in the evening with only the director. They made blanket decisions without any referral to the people who did the work, which made our work a lot harder and caused unnecessary suffering among the patients. The positive thing is the tremendous change from the charity as it then was, and assumed it ought to be, to what we have now.[1]

The information worker said:

> What I love about working in the co-op is when there's something I'm interested in, I can say, 'I think this is interesting and I'd like to do something on it'. So I go do it and bring it back to the meeting. I also love that I'm constantly asked my opinion on things, which makes it so much more exciting to work here. It's so different from sitting in an office somewhere when they don't give a damn what you think about the place.[2]

A Central London counsellor said, 'I've never had a lot of self-confidence about my own abilities, and I think I've learned a great deal because people are supportive',[3] while the Central London Deputy Administrator said:

> The democratic process basically works well. People air their views and people get action. I think people who have worked in other

---

[1] O'Rourke interview, p 4.

[2] Banks interview, p. 12.

[3] Poole interview, p. 5.

> places really appreciate it here and that makes it very difficult to leave.[1]

It is arguably a sign of FP's success as a co-operative that the members hoped for improvement without expecting perfection, and even had a certain sense of humour about their shortcomings, which differs from the defensive self-righteousness that sometimes overtakes 'alternative' organisations struggling to survive in a relatively hostile environment. Paradoxically, as the 'FP Review Part 2' observed, 'It may be that uncertainty about our next steps is precisely an index of our success in taking responsibility for our own organisation'.[2] The co-ordinator, in an apt summary of FP's progress as a co-operative, said:

> You're never going to get the sort of ideal fantasy of everybody taking equal responsibility and doing equal work; some will always exploit the situation. I accept that some people can never be changed, and then you have to get rid of them or make allowances. But to a large extent I feel that people can change .... We're just starting to put democracy to work, we have a long way to go.[3]

---

1 Morgan interview, p. 2.

2 Sand and Robinson, 'FP Review Part 2', p. 4.

3 Warren interview, p. 60.

CHAPTER SIX

Case Study of Software Ltd

6.0 Introduction

This chapter examines Software Ltd, a London-based computer software firm established in 1979 which was owned and operated by its seven workers: Sam Addison, Charles Locke, Clive Dodds, Martha Hough, Thomas Hiles, Mark Potter and Paul Stanley.[1] Software Ltd was registered under IPSA using model rules provided by ICOM.

Software positioned itself to take advantage of the explosion in personal computer use by business. Its main product line was custom-developed software for use in accounting, stock control and information processing. It also won contracts to assist the developers of large software 'packages', most notably the software that manipulated complex image data for the Robocom Bitstik computer-aided design system, the most powerful such microcomputer system then in Britain. It provided businesses with other services, including consultancy to evaluate competing microcomputer systems, preparing specifications suitable for submission to computer suppliers, providing technical support during negotiations with

---

1 As in the other case studies, members' real names have been altered to protect anonymity.

suppliers and during system installation, and training clients' staff in running the new system and integrating it with existing manual systems. In its first five years Software provided assembly language programmes to automate revenue collection from motorway tolls, designed and managed a state-of-the-art system for the Open University to present information 'interactively' to the inexperienced user, and wrote a number of packages for major publishers of games software.[1]

Software's clients were diverse, from a national airline to other software houses, from magazine distributors to management consultants. Its clients also included large and small charities and volunteer organisations such as the Child Poverty Action Group, National Association of Citizen's Advice Bureaux, the Commission for Racial Equality and Family Planning Ltd (the subject of Chapter Five.) Its sales in 1984-85 exceeded £85,000, a creditable performance by a seven-person enterprise. Much of its success derived from its focus on building long-term relations with clients: 'We aim to provide a friendly, professional service, which does not blind you with computer jargon, but instead guides you through the jungle of the micro-computer world .... We prefer to build a close and long lasting working relationship with our clients .... [so] we can ... develop a thorough understanding of the way you work and your own particular problems .... [to] then help you in selecting and applying the most appropriate solutions'.[2]

Chapter Three advanced the hypothesis that the co-operative form would be especially conducive to two sorts of firms: start-ups and 'professional bureaucracies', i.e., firms composed of highly-trained people able to function largely independently of each other. Software, during the period of field research, was an interesting blend of both types. Like other

---

1 Software Ltd Promotional Literature (1982).

2 Software Ltd Advertising Literature (1982).

entrepreneurial firms, it operated in a new market built around a fast-moving technology, so that clever ideas and flexibility were important. And while no professional license was required to programme microcomputers, Software's members were highly skilled, used relatively inexpensive capital equipment, and seldom worked in teams exceeding two. Software's success thus provides support for the Chapter Three hypothesis. It also provides support for labour process theory as discussed in Chapter Two. Microcomputer programming for businesses is 'custom' work requiring the application of a trained mind to a particular set of requirements, and is thus inherently insulated from the market power which large firms gain through hierarchy and division of labour. By selecting this market niche Software gave itself room to experiment, although in its early years of relative poverty it depended so heavily on large traditional firms for business that it could be likened to a subcontractor more than an independent firm. Other aspects of Software's record, especially its rocky initial years, also demonstrate how pathologies associated with small group behaviour can take root in a co-operative to impede business success.

As in the other co-operatives described in this thesis, a shared 'alternative' ideology was an important force in convincing Software's members to start a co-operative and in shaping their approach to running the business, from the system of pay to the kinds of contracts accepted and rejected. A strong desire for individual autonomy -- for freedom from the restraints of large institutions -- was part of that ideology at Software, intensified by the strong individualism and divergent personalities of the members. The result was a less cohesive co-operative than either FP or Measurement Ltd (examined in Chapter Seven). Software's centrifugal tendencies were strong. The members were young, without family responsibilities, and looked not to Software for their long-term security but to the high wages their skills could still command, if necessary, in traditional

firms. Several aimed to set their salaries 'at the average national wage', out of a political commitment to 'get individuals away from earning assets'. As one member described it, 'Members joining take on group liabilities, members leaving leave behind group assets'.[1] Several talked about wanting to take long sabbaticals to permit travel or the pursuit of other interests. The 'workhorse' members of the co-operative felt the need in interviews to justify their relatively long hours, fearing that such hours signified inadequate outside interests and a desire for too much power within the firm.

Software's seven members reached operating decisions at weekly meetings and set long-term policy at monthly review meetings. Because of its small size, there was no formal hierarchy or job differentiation, except for periodic rotation of certain tasks. When disagreements arose -- and sharp ones did arise over what work to accept, the system of pay, how to surmount financial crises, how to get typing done, and other subjects -- they were usually left hanging, as if the value of reaching consensus was outweighed by the importance of maintaining the purity of one's individual views. One member's decision to withdraw from an important contract just before it started meant the contract was lost; another's incompetence caused a client to charge Software with unprofessionalism; yet neither was disciplined by the group. Demand for good programmers was high enough that Software could prosper even as a collection of autonomous individuals, but the members' devotion to individuality limited Software's effectiveness in several areas requiring consensus or group effort. On the mundane level, its filing, billing and other distasteful group tasks were always disorganised. On a more important level, Software was never able to agree on a long-term marketing or capital investment plan. Individual members worked on projects that

---

[1] Addison interview, p. 8.

pleased them and which paid for the time being, but there was no strategy for the future.

Still, there were some factors which worked to keep the co-operative together and successful: the members were good at their jobs and appreciated the chance to learn from each other, shared many social characteristics (young, middle class, highly educated, socially mobile and politically socialist) and were happy and proud to be working in a co-operative.

6.1 Historical Development of Software Ltd

6.1.1 Origins

In mid-1979, Software Ltd's six founding members began to pool their technical and financial resources to launch the co-operative. The impetus came from Tim Burke, who became first among equals in the new organisation. All were dissatisfied with traditional employers and wanted to achieve more control over their work lives. Several members, including Burke, Paul Stanley and Charles Locke, had previous experience in traditional computer firms; other potential members were found through personal contacts. Locke, for instance, knew Sam Addison because Addison had replaced him as a youth worker at a community centre; Addison had a chemistry degree and had taken a two-term computing option. Stan Cloud was a friend of Stanley's. He was an academic mathematician who had not finished his D.Phil., but had a strong interest in computer games and graphics and wanted a very loose structure permitting people to work only when they wanted to.

Initial fortnightly discussions covered modes of operating and decision-making, with general agreement that the division of labour should be minimised through job rotation and that skill sharing should be encouraged through regular technical seminars. The most contentious issue was the wage

system. Burke and Stanley believed that unless Software was able to pay all members the national average wage within six months, it would be 'scabbing' by undercutting other workers' pay. Another potential member believed that the co-operative should pay the minimum wage as a gesture of solidarity with the low paid; he dropped out when this issue was not resolved. Burke wrote that 'we also looked at the financial viability of our plans, but the result was so depressing we decided to ignore it'.[1] The potent individualism which energised the formation of the co-operative also manifested itself in the plans for work allocation. Burke was concerned to 'prevent the tyranny of the minority by the majority', and strongly advocated that 'everybody be allocated "free time" which they could use to pursue projects they were particularly interested in'. The others assented to this plan 'with varying degrees of enthusiasm'.[2]

By October 1979, Software was registered as a co-operative. Burke had obtained model rules through ICOM, which was the only agency in the co-operative movement the members knew about. The members' preamble to the ICOM model rules reveals the philosophy on which they could agree:

> We, the founding members of Software Ltd, have come together to work co-operatively as a way to produce the software of our choice under the conditions of our choice.
>
> We have all been employed in the computer industry before and we wish now to ensure that the product of our work is not used to make people redundant or to control or restrict or kill them. The same techniques have other uses and we would rather explore these.
>
> We intend to share and extend our skills, working without rigid

---

[1] Tim Burke, 'History of Software Ltd', p. 1.

[2] Ibid.

distinction of role.[1]

Software's rules altered the ICOM model rules[2] in two respects. First, the clause governing membership was changed to provide for a one-month probationary period. Second, the clause limiting the interest rate which Software could pay on borrowed money was eliminated, to give it more flexibility in obtaining bank loans.[3] Besides ICOM, Software did not seek or receive aid from any group in the co-operative movement, few of which it had heard about. But ICOM's London office helped in negotiations with bankers and provided contacts with other co-operatives. Software also received help from the Islington Action Resource Centre in negotiating its lease.[4]

After Software was officially registered in 1979, the founding members decided to quit their other jobs to devote full time to the new

---

1 'Rules of Software Ltd' (2 October 1979). An information sheet prepared for clients explained Software's goals in slightly different terms: '1. To provide a democratic, flexible and supportive working environment, and to pay ourselves an economic wage. 2. To demystify computer technology and promote its application in socially useful areas. 3. To demonstrate that co-operative methods of working are both feasible and productive'. Software Ltd Information Sheet, p. 1.

2 The most important aspects of those rules conferred membership on all workers who bought a £1 share, and prohibited workers from selling their shares for any higher price, thus preventing them from benefiting from any appreciation in firm value.

3 'Rules of Software Ltd', paragraphs 7 and 9.

4 Over time, Software took advantage of the Co-operative College at Beechwood for a course on bookkeeping, the publications of the Co-operatives Research Unit of the Open University and some marketing courses offered by the Lambeth Co-operative Development Agency. It never found the national CDA to be useful, considering it 'out of touch' and lacking 'support from below'. 'All we get from CDA is its lavishly produced newsletter. This [puts] people's backs up by claiming responsibility for things that certainly would have happened without the CDA existing. Perhaps its publicity machine could be turned directly to producing material for individual co-op's sales drives'. 'CDA Opinion Research Study', Software response (10 Feb. 1981). One member says that 'we got the feeling that CDA were specifically looking to help large industrial co-ops and that small service and producer co-ops they were not interested in'. Addison interview, p. 6.

enterprise. Premises were found and the firm's first commercial contract was lined up. Initial capital was small: £2,500 obtained through a loan from one member's father, which went mostly to pay wages. Some members brought computers with them. All agreed to take low wages at the outset to permit the co-operative to get established. 'Things at this stage seemed to be going relatively well'.[1]

6.1.2 Initial Growing Pains

Difficult problems developed by December 1979. Initial capitalisation was precariously low and the membership undercharged for their work which resulted in the co-operative quickly running short of funds. It also was difficult to secure the volume of work necessary to prosper. Disagreements arose about how to solve these problems. The pragmatic faction, led by Locke, wanted to approach hardware suppliers to see whether they needed people (paid at top commercial wages) to develop software. This was seen as an ideological compromise necessary to let the co-operative survive. The more 'purist' faction, led by Burke, wanted to develop software packages for game and business applications which could be sold in high volume but which would absorb many months of development time. While these views might be seen as complementary, each side was highly critical of the other, and tension was high. Locke, while admiring Burke's intelligence, leadership and idealism, also found him excessively theoretical and personally manipulative. Looking back several years later, he said: 'I never hated anyone as much as I hated him .... At meetings we would all shout at each other, and this just did not generate a good atmosphere in which to work'.[2] Locke also said of Burke:

---

1 'History', p. 1.

2 Locke interview, p. 1.

> Tim would have very good ideas. He spends a lot of time thinking about the market, but he would turn critical on them and on others. He would eventually become disillusioned even with his own ideas and lose interest. He would come into the office and a black cloud would circulate around him. He was incredibly powerful and a strong emotional presence, but it made a hell of a place to work. Sam [Addison] increasingly came in on my side, Paul [Stanley] would only intervene if pressed and Stan [Cloud] preferred to assume a quiet disposition.[1]

As noted in Chapter Three, disagreements in small co-operatives can 'turn into a quarrel -- and a family quarrel at that'. Cornforth et al. note that 'conflict can be extremely threatening in co-operatives. Relationships are often based on friendship and the ideal of community rather than just work roles .... [B]ecause of the personal anxiety and tension that conflict can give rise to it is [sometimes] suppressed, but .... once pent-up emotions are let loose they can be difficult to contain .... A number of co-operatives have told us of their huge and furious rows'. Larger organisations do not suffer as acutely from this centrifugal tendency; there 'conflicts between people can often be solved by referral to a higher authority'. In addition, 'hierarchy increases the social distance between people, and as a result conflicts may be divorced more easily from personal relationships'.[2] Software's solution to the impasse which resulted from this particular conflict characteristically finessed the problem by deferring to members' individual interests. Each member was allocated a certain amount of free time which he devoted to his own projects. Some members, it was thought, would naturally be interested in long-term product development such as games and other software packages, while others would focus on the short-term work needed for immediate survival.[3] Cornforth et al. have studied other small co-operatives which handled their conflicts in a similar

---

[1] Ibid.

[2] Cornforth et al., p. 162.

[3] Burke, op cit., p. 2.

passive way:

> In one case inability to decide between two strong candidates for one permanent job led to 'two weeks of interminable meetings, most of them carbon copies of the first two', after which both people were taken on even though it had been thought the business could support only one extra member. Another time there were competing opinions on how to break into a new market sector, a decision requiring considerable capital investment and action by a certain deadline. Perhaps inevitably, given dispersed authority and differences in opinion, what occurred, by default, was the option of doing nothing.[1]

By the spring of 1980 it had become apparent that neither the purist nor the pragmatic camps held the solution to Software's financial woes. The contract work on microcomputers was not growing rapidly enough to maintain cash flow, and the game program Burke had developed for the Apple computer, called Life, was being sold directly to consumers rather than licensed to a national marketing agency or game company. Consequently only 'about half a dozen' were sold, at £9 apiece, which was obviously uneconomic.[2]

Because of the cash flow difficulties, the membership decided to send two members to work freelance on mainframe computers, with their earnings allocated to Software's operating funds. This allowed Software to profit by the difference between prevailing wage rates and the co-operative's wage rate. This freelance work was rotated among co-operative members and provided the necessary short-term financial cushion necessary to consolidate the enterprise. Nevertheless, it meant that two members were absent from the premises for substantial periods and diminished the cohesion of the group. In this period the co-operative also secured improved and larger offices at subsidised rates in a building owned by Islington Council.

---

[1] Cornforth et al., p. 140.

[2] Eventually Life and other games were sold through a commercial games marketer, but this decision was not reached for many months.

During the summer of 1980 the proponents of package development argued that the co-operative should concentrate on creating software for a new low-cost microcomputer, the Atom, which had just come on the market. Although this strategy again did not meet with the approval of all members, a computer was purchased with help of a loan from one member's father and work on developing a number of packages began. This project eventually 'ran out of steam', in Burke's phrase, as it did not enjoy the full support of the members necessary to provide 'a positive, supportive environment for the development of such projects'.[1] During 1980, monthly income per member fluctuated considerably but was always low, from £80 to £150 per month after tax.

Internal administration (bookkeeping, invoicing, filing, cleaning) was formalised only after it became clear that vital administrative duties were being neglected. A rotating system was devised which gave each member a defined task. Each worker would also be the 'deputy' in another section, which he would take over after six months. The responsibilities of each deputy were not made explicit but were defined as need arose. After some months of employing this system, complaints arose that important work was still being ignored and that the administrative workload was not being borne equally. A new system was adopted whereby a different individual took responsibility for filing, bookkeeping and cleaning each week. It improved performance slightly, but did not address common duties which were not routine, such as marketing and advertising.

A crisis arose in the fall of 1980 when a client accused Software of incompetence. This resulted in the departure of one member, 'partly because he felt responsible, partly because we failed to support him through the

---

1 'History', p. 3.

crisis, partly because the Atom project was running out of steam, and partly because of the very low pay'.[1]

This account points up one difficulty of not having a formal system of accountability and oversight. The departing member felt himself responsible for the crisis, whether it stemmed from technical incompetence or poor client relations, but the other members had no way to tell because his work was independent. They felt guilty about not 'supporting' their colleague, and if he had not decided to leave on his own, the chances of his being dismissed were virtually nonexistent, no matter how incompetent he may have been.

6.1.3 Increasing Work and Continuing Conflict

In early 1981 there was an upturn in workload. The co-operative won a large contract to assist in the development of chess programs and also lined up several other microcomputer programming contracts, including a long-term arrangement with a firm of management consultants.[2] A difficult issue arose, however, when Corona, the soft drinks manufacturer, expressed interest in offering a contract which members realised would result in the loss of several jobs at Corona headquarters. A fierce debate raged for several weeks over whether Software should accept any contract that would render other workers redundant. The Burke 'purist' faction argued that Software's principles should preclude such action, while the pragmatists led by Locke, although not unsympathetic, argued that Software could not afford to turn it down. In this case, the Burke faction basically won. The members agreed to write a clause into Software's standard engagement contract specifying that it would not undertake work that entailed involuntary

---

[1] Ibid.

[2] Ibid.

redundancy.[1] After this information was presented to Corona, it informed Software that its existing policy was to redeploy staff rather than dismiss them. In any event, the contract was cancelled because Corona's data processing department objected to getting outside help.

Another dispute followed the Corona debate, this one linked to the strong individualism of the members and the absence of any internal mechanism for restraining it. The firm history says:

> We had lined up some work for a stockbroking firm called Gartmore. Ian [Burke] initially committed himself to undertaking this work but pulled out at the last minute, causing us to lose the contract. There was considerable anger at this amongst some, but not all, members of the co-operative. Ian volunteered to go off the payroll because of this. He still continued to be an active member of the co-operative but Software stopped paying his wages. As the co-op owed him about £1,000 for the purchase of a machine he brought with him when he joined, he was able to survive for awhile whilst we paid off the debt to him.[2]

This account makes clear that Software as a whole approved undertaking this project, and that one worker's independent and irrevocable decision lost it. Here the autonomy so highly prized by the members worked against their collective interest. A traditional company would probably have fired Burke; a traditional partnership might have asked him to withdraw for hurting their business and good name. But here only some members censured Burke for his action. The resolution of this dispute was also highly unusual and held the potential for future conflict. Burke imposed his own suspension. Who was to decide if or when he should return, he, the other members, or all of them together? And was such a suspension actually helpful to the co-operative? The extreme autonomy which Burke was (by default) permitted to exercise in

---

1 This clause reads: 'Software will not undertake assignments involving consequent redundancy unless satisfied that adequate consultation has taken place and voluntary agreement reached with the people whose jobs are affected'. Software Ltd, 'Standard terms and conditions for fixed price contracts', para. 7.

2 'History', p. 4.

this case may be an attractive feature of co-operatives to potential members, and paradoxically may inspire deep commitment from them to the co-operative enterprise. But without formal mechanisms to restrain individualism (difficult to establish in a firm so small), the co-operative depends on each member's willingness to subordinate him or herself to the group's goals.

Hackman and Saglio[1] emphasise that a formal governance mechanism is important even in small co-operatives, enabling them to address crucial policy disagreements in a routinised and productive way. This view is shared by Bernstein,[2] who urges organisations to establish independent and impartial judicial procedures to resolve disputes. But small firms are not well suited to such formal mechanisms, because everyone is involved in the controversy to begin with. Furthermore, in Software's case, any formal mechanism for dispute resolution would presumably have reflected the high value members placed on individual autonomy, thus adding little to settling the controversy. While invoking a formal system, either by the minority or majority in a dispute, might prompt all members to step back and reach soberly for some working consensus, the most effective way to reduce the destructive potential of excessive autonomy is to achieve greater uniformity of viewpoint to begin with. As discussed in Chapter 3, the growth of a common culture is an important ingredient of success in small co-operatives. Hackman and Saglio stress the importance of clear leadership and constant discussion in establishing a well-understood mission for the co-operative. Another technique is to screen new members closely for basic ideological

---

1 'The Design of Governance Systems for Small Worker Co-operatives', Industrial Co-operative Association (Somerville, Massachusetts: 1982).

2 'Necessary Elements for Effective Worker Participation in Decision-Making', Journal of Economic Issues (June 1976).

compatibility. As we shall see, Software devoted much effort to this latter goal when the time came to find new members.

Some years later, with the advice of counsel, Software created a formal disciplinary and grievance procedure which is outlined in its Contract of Employment. The procedure could be tripped if the co-operative 'had any complaint about the conduct, attendance, time-keeping or job performance of any employee'.[1] The contract provided that 'Any complaint ... be brought up at a weekly meeting, and the employee given any opportunity to discuss the problem'. If the problem continued after being discussed at a weekly meeting with the employee concerned, a written warning would then be issued to notify the employee that the matter 'will be considered again at a future meeting, and the date of this meeting stated'. In the event that the problem was not then resolved to Software's satisfaction, it could then issue a Notice of Termination of Employment. The Notice could only be issued with the agreement of 'all members of the co-op except the person concerned'. At any stage in this procedure, the employee under discipline would have 'the right to express her or his views and to have the assistance of her or his union representative or anyone else she or he may nominate'.[2] Another section of the employment contract gave rights to members who felt they were being unfairly treated by the co-operative or by another member. Any such grievance was to be 'raised at a weekly meeting and minuted'. If agreement was not reached 'the employee concerned may raise the matter at a further meeting'. The final arbiter of any grievance 'shall be a meeting of the co-operative and decisions shall be taken by a three-quarters majority of members'.[3]

---

[1] Contract of Employment, p. 4.

[2] Ibid.

[3] Contract of Employment, p. 4.

These formal procedures to settle disciplinary problems and grievances had not been invoked by the time field research was concluded. Software probably would be reluctant to do so, given members' daily close contact and dislike of enforcing group norms on each other. The idea of creating and enforcing explicit performance standards was 'discussed but not resolved'; one member noted that 'In Finn's case [the member who left after the client charged him with incompetence] bad work was a real problem'.[1] When asked what actions might be taken in the future against a seriously deficient member, Addison demonstrated the co-operatve's deep aversion to setting performance standards:

> The reprimand [for losing a client] is discussing it openly in the co-operative and trying to avoid it in the future. It would have to be pretty bad for us ever to fire someone because of it. If someone was doing work on the side for another co-op or firm -- well, even that might not cause us to fire them.[2]

That questionable competence would be met with great forbearance is clear. Nevertheless, the formal grievance and discharge mechanism is there if needed, and would at least establish the terms of debate if the co-operative faced extreme discord.

6.1.4 Achieving Financial Stability and Hiring New Members

The co-operative's finances improved in 1981, permitting the members to take home an average monthly salary of £250. At the end of the year, 'there was in general a lack of energy within the co-operative'.[3] Two members, with the acquiescence but not support of the others, decided to pursue long-term projects of their own. The salary structure was also changed, neatly balancing the desire of some members to receive pay

---

1 Group interview, p. 12.

2 Addison interview, p. 14.

3 'History', p. 4.

commensurate with their individual contributions against the established principle of preserving maximum worker autonomy. Under the new system, income was attributed in an internal account to the member responsible for earning it. A monthly subscription of £200 was removed from each account to cover rent and other overhead costs; the balance could then be used by the member any way he wished: to pay himself, to finance long-term development work or to purchase capital equipment of particular use in his work. Thus projects or capital purchases that lacked general approval could still be undertaken, provided that the costs did not exceed what any individual could spare from living expenses. While providing a safety valve for disagreements over pay differentials and time allocation, this system again reflected high deference to individual autonomy. It insulated the co-operative from facing up to hard strategic decisions about what projects to invest time in and what computers to buy. By making individuals buy expensive machines as individuals, it inhibited capital investment. For example, Addison says that he and Locke considered buying some new computers jointly, but abandoned the idea when faced with the difficulty of regulating the use of 'their' machine within a collegial workplace, and the fear of leaving the co-operative 'in the soup' if they moved on and took their computer with them.[1]

In late 1981, Software was awarded an important contract by the software developer Robocom to write graphics software for a computer assisted design package to operate on the Apple computer. Robocom had ambitious ideas for this software, which soon proved to entail much more work than Software had anticipated. Because the terms of Software's contract placed the burden of the additional effort on Software, it quickly began to sustain substantial losses. Software was able to renegotiate the

---

[1] Addison interview, pp. 7-8.

contract significantly in its favor and salaries accordingly improved. Burke continued his self-imposed sabbatical but considered resuming work on a commercial project about which he was unenthusiastic. When this contract fell through, he decided to leave the firm. Although everyone recognised his talents, his strong opinions made him a divisive force whose absence eased the development of consensus. A new member (a friend of Cloud's from Australia who had done some temporary work on Robocom) was hired to handle the increasing workload.

1981-82 represented the first time that all members were working on revenue-generating work, and the co-operative enjoyed financial vitality. However, some members felt that the co-operative spirit was languishing. They thought the enterprise more resembled a partnership of freelancers than a co-operative. Consequently a program called 'Co-op Day' was initiated, whereby one day a week was devoted toward co-operative projects, including a members' meeting and administrative tasks. This innovation worked reasonably well, although consistent with past experience the collective project was never undertaken.[1] Giving an entire day to administration, meetings and group tasks might be considered an excessive drain on paying work, but members estimated that administrative tasks took at least 30% of their time anyway.[2] The group also went for a long weekend to a cottage in Sussex for a 'self-criticism' session and to plan for the future. 'Although ideas were kicked around, nothing very specific emerged'.[3]

One decision which did emerge from the Sussex retreat was to recruit new members to replace those who planned to leave. One was

---

1 'History', p. 5.

2 Addison interview, p. 20.

3 'History', p. 6.

departing for reasons unrelated to Software; the other because he wanted to travel and was not interested in the work then available:

> He had been doing a bit of work that wasn't too inspiring and didn't want to get into that situation again. He was particularly interested in games and graphics. We had a revenue-generating job that needed doing for a hospital. Stan was the logical person to do it, but he could raise no enthusiasm for the project. It went downhill from there and I think he left feeling that we hadn't taken his needs sufficiently into account.[1]

Members advertised the new openings in City Limits and followed up on people who had contacted them in the past. The co-operative found the recruitment process exhausting and lengthy but agreed unanimously in the end to hire Martha Hough, who would work on a project for the National Association of Citizen's Advice Bureaux, and Mark Potter, who would join the Robocom team. The hiring of Martha Hough, the co-operative's first woman, reflected its conscious desire to practice the sexually egalitarian views the members held.

Shortly before the new members' arrival another review of the wage structure was undertaken in light of the 'ideological' dissatisfaction of most members with the existing system, which permitted wide disparities of compensation. The new system paid all members at a single hourly rate, permitting some variation in pay according to hours worked. This system continued for several years, and was later refined in the Contract of Employment:

> The number of hours worked per week can be decided by the individual within limits as set by the General Meeting. The minimum and maximum number of hours should not be exceeded without prior permission of the Meeting. The General Meeting should be informed of any intention to be absent for more than two consecutive days. The General Meeting can also set the minimum amount of time spent on non-revenue earning work.[2]

The membership could change the hourly rate depending on the firm's

---

[1] Addison interview, p. 11.

[2] Clause 2, p. 1.

finances. A dividend of this system was that it prompted the membership to keep track of their time so that the efficiency of the co-operative could be monitored. The membership liked this system, but Addison said he also liked the previous one, which gave him wages in some months of more than £1000, as compensation for the early days when wages were tiny.

Mark Potter and Martha Hough settled in quickly, liked the co-operative and were well liked by the existing members. But the co-operative found that a third new member was required to provide the specialised skills in computer graphics necessary to service the Robocom contract. The job was advertised widely, and Thomas Niles, who had the necessary special skills, was enthusiastically hired. Then the project undertaken by Martha Hough finished up. Only one replacement project was available, but she exercised her member's veto to refuse it because she felt 'very unenthusiastic' about having to learn a new computer language for which she felt there would be little future use.[1] Accordingly a fourth new member, Clive Dodds, was brought in to work on that project, and administrative responsibilities were reorganised so that Hough would take the bulk of them.

These developments merit some comment. Hough was hired even though the co-operative had only one short-term project in store that was appropriate to her existing skills. Nevertheless, as a full member of the co-operative, she was granted a veto over whether to undertake the only replacement project available, which the co-operative had already chosen to do. Hough noted that she was reluctant to undertake the available project because she was taking an evening degree course 'and didn't therefore have much energy for undertaking a completely new project'.[2] Thus she ended up

---

1 Hough interview, p. 7.

2 'History', p. 7.

responsible for the co-operative's administrative responsibilities, which included the routine and clerical tasks usually given to women in more traditional business structures -- even though Software documents, and each of the members interviewed for this study, indicated a wish to expand from an all-male membership to one comprising an equal role for both sexes.

Although vesting administration in a single person was expected to prove more efficient than the previous rotating systems (which members had long resisted), Software ended up the latter half of 1982 by taking on Hough and Dodds to do the work previously done by one member.

6.2 Financial Analysis

Except for the volatility common in the financial results of small start-up companies, Software's performance as a business between 1979 and 1985 was generally favourable (see Table 6.1). Sales rose from £3900 in 1979 to £85,000 in 1985, an average growth of 102% annually. Profits (earnings after taxes) grew much more modestly, and in fact were negative in 1984 and 1985 despite much higher sales, because fixed costs had risen sharply and members were paying themselves in wages more than the co-operative could afford. Because wages were the biggest element in the cost of Software's products, growth in the cost of its products over the seven-year period turned out to exceed sales growth. But this was not surprising given the subsistence wages members originally earned. Between 1983 and 1985, the costs of making Software's products (mainly wages) grew only 9.7% per year, less than sales growth, implying that members were bringing their desire for higher pay in line with what the co-operative could afford. In any event, wages by then far exceeded the national average, and made it possible for members to consider the firm a long-term employment possibility.

Software's asset utilisation, that is, the firm's total sales divided into total assets, outperformed the average of British public companies in

SOFTWARE LTD.

TABLE 6.1

Selected Financial Information

	1979	1980	1981	1982	1983	1984	1985
Total Assets (£)	670	3748	3743	6775	9706	6398	26,194
Total Sales (£)	3913	19,976	29,208	69,546	69,446	71,686	85,024
Cost of Goods Sold(£)	2392	16,207	23,849	56,798	59,579	62,720	74,588
Operating Expenses(£)	816	4671	4903	5192	5893	10,026	16,806
Net Income (£)	688	(1163)	413	7290	4302	(826)	(5469)
Income/Sales (%) (profit margin)	17.6	-5.8	1.4	10.5	6.3	-1.2	-6.4

each year between 1979 and 1985. But given what the co-operative's history indicates about members' unwillingness to commit to purchases of new equipment, the high asset utilisation rate actually indicates that Software had insufficient capital equipment. A small level of investment in the firm and its equipment may have been inevitable, in that no members were wealthy, non-workers were not permitted to invest, and banks and other traditional sources were not likely to be interested in a small, new and unconventional firm. As discussed in Chapter 2, scanty resources are a consistent problem for small businesses, co-operatives in particular. For Software to break out of the undercapitalisation trap revealed in its fianancial statistics, it would probably have had to draw on its own resources, which would have meant foregoing some present consumption (i.e. wages) for self-financed investment.

6.3 Software as a Co-operative: The Costs of Individualism

6.3.1 The Role of Ideology

The members of Software differed from employees of most firms in trying consciously to shape their workplace according to an ideology which sought instead of maximum profits maximum individual freedom. In this Software was representative of many co-operatives which grew out of the 'alternative' movement of the 1970s:

> Essentially libertarian in orientation, these movements rejected formal bureaucratic structures, which they saw as representing and perpetuating existing inequalities of power. Instead they advocated small-scale organisation, direct democracy and the value of informal networks and groupings. Hierarchy, specialisation and the division of labour were rejected in favour of collective management, job rotation and skill sharing .... As these co-operatives grow the costs of a purely collective structure increase.[1]

Software's members did not agree with each other on every aspect of this

---

[1] Cornforth et al., p. 140.

'alternative' ideology, and compromised it when faced with business necessity, but it was a constant theme in the co-operative's functions, affecting both the work it accepted and how it organised itself to perform that work.

As we have seen, the Preamble to Software's official rules prevented it from undertaking work which would 'control or restrict or kill' people. It rejected defence-orientated work, even in its very early days, although much was available. The Corona incident shows that Software avoided causing redundancies (though in a broader sense it is obvious that the spread of computer technology through the economy will change work patterns, causing some people to lose jobs and creating others). Yet the pressure of the bottom line was always present. Locke said it took constant vigilance

> not to lose sight of our ideals, to keep politics in our work, to maintain the commitment to work co-operatively. In the bad times, there is an awful lot of emphasis in making ends meet. We don't want this to become the dominant point of our work.[1]

The other members acknowledged that economic necessity caused deviations from their goals. Writing in the August-September 1980 issue of Undercurrents, the members said:

> It is important, especially as we are encouraging other workers to abandon their clearcut role as employees, to be honest about our failures as a co-op .... So far we have been compromising on most of our main aims. We have failed to achieve a satisfactory overall wage level, to rigorously vet all of our clients .... Of late we have been forced into 'bodyshopping,' that is, into sending members to work away from our site on other companies' projects, which obviously invites fragmentation. These problems will ultimately lead to our disintegration if we are unable to solve them.[2]

A 'satisfactory overall wage' is the only goal which mirrored that of a traditional enterprise.

---

[1] Locke interview, p. 13.

[2] Addison interview, p. 41.

6.3.2 The Structure of Decision-making

While ideology governed the kind of work Software would accept, a more important and interesting application of members' political beliefs occured in the internal organisation of its work. While since the Industrial Revolution it has become common to look at work as 'a job', something unpleasant one does solely to earn money for oneself and one's family, Software, in Addison's words, aimed to make work 'a way of life'. Members sought to enjoy their work and each other. They socialized together, wanted to support each other, looked for comradeship as they built the co-operative. Locke said:

> Ideally we would like to be best friends with each other. At the least we would want each other to like sitting in the office and chatting with each other about events and experiences outside the co-op. This is one of the reasons we organise meals together periodically for co-op members. It is good to get to know the pressures and joys that the other members are finding. It is nice, too, if there is a reasonable degree of political consensus. I don't like having to keep things back, not expressing what I feel; and so being politically similar helps familiarity and ease in personal relationships in the co-op.[1]

Despite the sometimes bitter disputes discussed above, there were important similarities among Software's members. All were committed to an 'alternative leftist' lifestyle of which Software was only one part. The membership was independent, sometimes strong-minded, conscientious and relatively tolerant.

The decision-making structure emphasised inclusion and satisfaction of each member over speed and expertise, which is what the members wanted. Dodds's account of why he left his traditional firm to join Software is typical of the views which influenced the co-operative's decision-making structure:

> In my previous jobs I had no say in the decisions that affected me although the work was often interesting. I was being told what to

---

[1] **Locke interview, p. 9.**

> do and when to do it. I was treated well enough, but I felt I had no involvement in the business and I often left work thinking "Is this all there is?" I was bored and wanted more from the hours I spent at work.[1]

Addison expressed similar views about his decision to join a co-operative, emphasising as much the boredom of his previous traditional jobs as an aversion to hierarchy per se:

> I came to Software because I wanted to explore something new. I was keen to be a boss, to try out new areas and to experience new things in a business context. I didn't want to be a worker anymore but someone who was involved in the decisions. I wanted to explore what making decisions was like. It is important, vital to us that the work we do is interesting. One of the objectives of starting the co-operative was to provide a mechanism for doing interesting work. We want to have a good time and to do things that interest us.
> ....
> Companies are so often focused on making profits, and do not encourage or sometimes even allow, the levels of participation that we wanted. Partnerships are to protect the group of individuals who set them up in the first place who want to work collectively, but who don't look after the new people coming in on an equal basis. The co-op was the only route we could go; it was by default really.[2]

All important decisions were made (or not made) by consensus of the co-operative as a whole, although individual members were delegated to be the main representative with certain clients, reporting back periodically to the group. Typically, one or more members would volunteer to research issues at hand (on co-operative time) and report their findings at a Wednesday meeting. This began the process of discussion and analysis, which might continue for many weeks depending on the issue. Decisions were never forced, even if sometimes they should have been. Dodds expressed the dominant viewpoint:

> One must always be tolerant of issues being raised time and time again and tolerant of decisions not being taken. We never vote; when there is a sense that most people are in agreement, we do it -- not until. Or we decide when the objections of someone aren't so overwhelming as to prevent the co-operative from going ahead.

---

[1] Dodds interview, p. 23.

[2] Addison interview, pp. 1-2.

> People must have a willingness, and the goodwill, to bear with this process.[1]

Not everyone participated in all decisions:

> If members do not have the competence to contribute to a technical decision in the co-op, those people excuse themselves from that decision-making process. Members are perfectly happy to let others who have specialised skills or knowledge make the decisions; we trust them to do so. If anyone, however, feels particularly strongly about something, they will either inform themselves or become dis-involved, or voice their reticence .... I can't remember a single instance where Software delegated someone to make a decision because they were allegedly the only one qualified to make that decision. This has never happened and I can't ever imagine it happening.[2]

As we have seen, the reluctance to force decisions sometimes led to paralysis rather than consensus.

6.3.3 Reluctance to Make Decisions

For the members who liked the way of life and their colleagues, Software was satisfying. But the co-operative also faced serious policy disagreements and personal feuds, most of which it settled by deferring decision or permitting each member to make an independent choice. Three of the six founding members left within two years. This tendency towards disintegration was paradoxically part of the 'way of life' to which Software's members were attracted. They resisted doing unenjoyable work, even if their clients were offering nothing else for the moment; they wanted the freedom to pursue their own interesting long-term projects even if a majority might have favoured lucrative short-term contracts. While all the members spoke warmly about the satisfactions of working co-operatively, there was no other ideological 'glue' -- unlike Athena, with its strong commitment to feminism, or FP, with its broader but still feminist goal of providing a caring low-cost

---

[1] Dodds interview, p. 10.

[2] Addison interview, p. 12.

abortion service -- to bind Software together when its members interpreted the co-operative ideal as a license for maximum individualism.[1]

One example of the tension between the good of the group and the maximum freedom the group endorsed for its members was found in the reaction of one client, Metasa, to the uneven working patterns of Stan Cloud, who was assigned to work on Metasa's contract. Cloud sometimes worked at home; he also liked to work in 'blitzes' of 12 to 18 hours at a stretch, and then take a day off. Metasa grew dissatisfed because it could not always reach him during working hours, and began to feel Software did not particularly care about its needs and problems.[2] In a service business a client's demands may be quirky and even irrational. But Cloud's colleagues did not rein him in. Cloud tried to be more responsive to Metasa, but felt he was already working efficiently and responsively on Metasa's programming task regardless of his sleeping habits.

Another controversy left to dangle because no group norm could be found or enforced centred on who should perform necessary but low-skilled jobs such as typing. Because individuals disagreed, the daily reality was laissez-faire: each member got his or her typing done in whatever manner seemed least objectionable. There was no thought of hiring a full-time typist, because the co-operative did not generate enough work to occupy one and because doing so would have offended the co-operative's central principle of

---

[1] Hough, Software's only woman member, herself noted the difference between its ideology and that of co-operatives where women predominate: 'The women in women's co-ops seem to be feminist and committed to women's work. They don't seem to be as committed to the co-operative notion. They seem instead to have hit upon co-operatives as a sound way of organising, as opposed to being ideologically committed to the co-operative form .... Their battles, their issues and their lives are committed to living their feminism. They see co-ops as a convenient way of living their work lives; they are a means to an end, not the end'. Hough interview, p. 10.

[2] Addison interview, p. 14.

member equality. Hough explained why Software did not rely on the obvious expedient of sending the work to an outside agency:

> So many decisions are made on the presentation of the final product that [typing] is an important question. Particularly since we are a co-op, to erase people's prejudices it would be helpful to have professional presentations. If we hire out for this work to be done, the great problem is that some people are going to remain typists all their lives and we don't think the co-op should support this. I would hate to be plugged into a machine and be typing all the time. You feel like you are part of a machine. Someone putting their words on tape and somebody else typing them does not sit well with me .... [However,] none of us is particularly keen on doing it ourselves. Probably the best thing is for people to become self-sufficient in doing their own work. People should learn to type themselves.[1]

And, as Potter says, Software did not want to 'revert to capital hiring labour'.[2] But Hough's solution of individual self-sufficiency was not satisfactory to others. Stanley, for example, said:

> In co-ops where you have a high requirement for skill, like in Software, because we do have specialist skills, we must be careful not to put people in situations with which they can't cope. You have to be careful not to get caught up in the notion that everybody can do everything. They simply can't.[3]

But he had no practical alternative to offer: 'Whatever way we choose to get our typing done outside the co-operative, there is something ideologically unsound about it. We do not seem able to solve this problem'.[4]

It is easy to point out the contradictions inherent in this conflict over typing. If typing was important to Software's success, a solution obviously should not have been left to happenstance. Hough's argument for self-sufficiency reveals both a puritanism (one should do one's own dirty work; paying someone to do it is wrong), and a subtle condescension (regarding typing as not real work). Taking her views to their logical

---

1 Hough interview, p. 31.

2 Potter interview, p. 8.

3 Stanley/Potter interview, p. 7.

4 Ibid.

conclusion, the co-operative would encourage the 'improvement' of typists by denying them employment in their trade. This attitude is essentially patronizing toward the working class, however much it was intended to benefit them. A similar bundle of contradictions was evident in the co-operative's requirement that all members join 'an appropriate trade union',[1] perhaps an oxymoronic proposition in a seven person worker-owned enterprise. Potter stated the rationale behind this clause:

> I think belonging to a union is an act of solidarity and should be approached on that basis. It is an act of alignment with the working class. The only way you can get unions to work for co-ops is to join them and change them. It is the old argument.[2]

The members were themselves aware that their 'alignment with the working class' was somewhat gratuitous. Hough notes: 'The work we are doing is not traditionally working class. We are intellectually sympathetic and on this basis we identify ourselves with the working class. The working class would probably not identify with us'.[3] The symbolic nature of union membership is underscored by the fact it was mandatory; if it tangibly affected the daily work of the co-operative, it would probably have sparked some discussion and disagreement among the members, and then a collective decision, as in so many other areas, to let each member choose his or her own approach. Co-operative theorists have suggested, and we have seen at FP, that unions can be helpful by providing a formal mechanism separate from the co-operative for handling grievances, demands for higher wages, and other contentious subjects. It is unlikely, however, that unions would take much interest or have valuable expertise in solving problems in a firm as small as

---

[1] Clause 9, Contract of Employment, p. 3.

[2] Stanley/Potter interview, p. 12.

[3] Hough interview, p. 22.

Software.[1] A more valuable outside mechanism for resolving grievances or mediating conflicts might be the local CSO, which should have the experience and contacts to suggest constructive ways out of group pathologies.

Another area of business importance which suffered from the co-operative's laissez-faire approach to controversy was advertising and marketing. During a group interview, members admitted that the co-operative was 'probably not' a good marketer of its services. 'People [are] hesitant to take on' the task, because of a certain distaste for self-promotion.[2] The co-operative's scant advertising was placed partly in trade journals and partly in the 'left press'.[3] Despite recognizing its importance, the co-operative placed a higher value on individual freedom of choice, as Hough explains:

> everyone hesitates to take on the job of marketing in Software and of course this is not good, but if no one gravitates towards it, or can't be gently encouraged to do it, then they shouldn't feel forced or that they must do it. The issue becomes sticky when the survival of the co-op is linked directly to marketing and then all must do at least the minimum to keep things going -- or else we go under.[4]

Filing, too, was haphazard and the premises usually looked cheerfully chaotic despite the individual members' professional competence; bookkeeping, another distasteful task, was rotated informally among members. Addison said that he had periodic 'binges when I enjoy doing the books', which fortunately for Software coincided well enough with the times when others preferred to avoid that task. Perhaps bookkeeping was central enough to the daily functioning of the enterprise that members were more motivated to do

---

[1] Cornforth et al., pp. 165-8.

[2] Group interview, p. 37.

[3] Ibid., p. 42.

[4] Hough interview, pp. 23-4.

it than marketing or filing, which almost always could be postponed. But the danger in allowing unattractive but important tasks to depend on an individual's motivation, though recognized by members of the co-operative, was tolerated rather than resolved.

6.3.4 Choosing New Members

Insofar as Software's members looked upon work not simply as a means to earn money but a way of life, it was natural that they should seek to hire new members who were not only technically skilled but personally compatible. In a group whose frequent solution to controversy was to let members go their own way, selecting like-minded new members helped guard against immobilizing strife and disintegration. While historically the co-operative initiated each search for new members because it needed a particular programming skill, possession of that skill did not by itself guarantee selection. No one was hired without passing what amounted to a leftist ideological screen. The co-operative eliminated applicants who were 'members of the National Front', as well as those who had worked on 'defense contracts or on things that maim or kill people, or those who had worked uncritically in the armed services'.[1] The co-operative also looked askance at members of the Conservative Party, wondering why someone with 'that political consciousness' would seek to join them.[2] Other grounds for disqualification were 'sexism and racism' and 'intolerance'.[3] These were difficult qualities to measure precisely, and as with hiring decisions in

---

1 Addison interview, pp. 16-17.

2 Niles interview, p. 3.

3 Hough interview, p. 6. At the end of the research period, a woman applicant 'who had the computer skills but who didn't have the political background or the grounding in co-operatives' was rejected because 'it would have been too risky to have taken her on'. Stanley/Potter interview, p. 2.

traditional business, the decisions at Software relied in the end on personal chemistry. Addison said that 'we do scrutinise application forms to see what people's interests are, [but] there is no one thing that would automatically disqualify one -- except the defense thing [which] obviously is quite important'.[1]

The one member interviewed who did not cite political beliefs first when asked about qualifications for membership was Richard Locke. Locke spoke, unusually by comparison to his colleagues, in terms of the work ethic:

> The ideal person is somebody who is prepared to work hard. One must be prepared to take responsibility for oneself and be committed to a level of verbal honesty uncommon in other firms .... It must be a person who gets pleasure out of work. It must be somebody who enjoys being with other people and is prepared to work at those relationships and to develop them. The person must be prepared to participate in meetings, say what they feel and work at the meetings.
>
> . . . .
>
> I might add, too, that the co-op can certainly use people who are reasonably organised, people who can actually get things done. Men have a lot of difficulties handling and addressing the practicalities of life. I cannot exclude myself from this. The way a lot of men solve the problem is by leaning on women, which is not how our co-operative works.
>
> . . . .
>
> The person must be technically competent .... Ideally I would like them to be very good and to have a desire to achieve excellence.[2]

He continued at length along these lines until remarking that 'It is nice, too, if there is a reasonable degree of political consensus'.[3]

Locke was the only member who noted that Software's initial survival and later successes were due to hard work on the back of 'quickly developing' business skills. He believed that the co-operative should not lose sight of this in recruiting. But he shared the dominant view that Software could not thrive if people just considered it a job; it also had to be a way of

---

[1] Addison interview, p. 17.

[2] Locke interview, p. 9

[3] Ibid.

life. 'We want to get to know the person so that we understand the pressures and joys they are finding so that we might know the attitude and zest, or lack thereof, they bring to work'.[1] All members agreed with Locke that computer and business skills were important, but having decided to make their work a 'way of life', sought in hiring new members mainly to preserve a sense of collective enthusiasm about the enterprise. They may have sought to make their internal operations democratic, but like democratic countries that restrict immigration, Software's members felt preservation of their identity depnded upon careful recruitment.

6.3.5 Competition and Entrepreneurship

Software was ambivalent about manifestations of the competitive spirit traditionally prized in business. Stanley and Potter disqualified applicants 'if they were competitive',[2] yet believed that Software was 'not hard-nosed enough and not able to be sufficiently aggressive, and this sometimes hurts us'.[3] Locke's stolid adherence to the work ethic evoked general admiration, but the assertiveness normally considered an asset in the business world did not. The refusal to market effectively was one element of this aversion to the self-promotion useful in a competitive market. At the same time, the co-operative wanted to adapt those elements of entrepreneurship -- which might be defined as competition on a larger and less personal scale -- that could be squared with its notions of equality and community. They respected the drive and desire for autonomy of traditional entrepreneurs. But they disdained the usual rewards of the entrepreneur,

---

[1] Ibid.

[2] Stanley/Potter interview, p. 1.

[3] Ibid., p. 6.

power and money. They did not think any individual should dominate a firm, or should be able to make more money than a decent wage.

To Addison, the co-operative was:

> entrepreneurial in the sense that we want to set up something that we will have control of .... This doesn't conflict with democracy. But if you define entrepreneurial as setting up something that is of benefit to an individual, as opposed to a group -- then certainly democracy interferes.[1]

In other words, ambition was allowed, so long as it was not in pursuit of self-interest. Stanley and Potter defined entrepreneurialism more narrowly, and found it pernicious:

> [Potter:] Most people in co-operatives tend to be people who are not consumed with an entrepreneurial drive. Most people want to work in a co-operative not to make a packet of money; they like the means. It is not the nature of the co-op itself that thwarts the development of entrepreneurial spirit; the people who join co-ops generally are not inspired by entrepreneurialism; their satisfactions come elsewhere. [Stanley:] The main motivation of people who are entrepreneurs is to make things happen. Later that interest turns to money and the making of pots of it.[2]

In an interesting criticism of co-operatives' capacity to innovate, Addison argued that their focus on group norms led to an inherently conservative outlook:

> In a conventional company, the payoff to taking risks goes to only one or two people. Thus they may be prepared to put the whole workforce's jobs on the line in order to get the return they are seeking. We, however, are not prepared to take risks like that. We are reluctant to jeopardize that which we know to exist which is solid. It is an asset that we work hard to protect each other's interests; it is a liability that we become risk averse before other businesses....[3]

Given the laissez-faire drift typical of Software when faced with a difficult business or organisational issue, it is difficult to envisage the group moving decisively to expand or to develop a new product or service.

---

1 Addison interview, p. 18.

2 Stanley/Potter interview, p. 1.

3 Group interview, p. 4.

At Software a norm disfavouring individual enrichment was powerfully held. Even if the co-operative was to appreciate in value, no member was permitted to gain from it. It was frequently said during the field research that 'people leaving leave behind assets, people coming in take on liabilities'.[1]

The financial benefit that members could expect from work was wages. These, however, were not supposed to be a reward for 'making things happen'; the members emphasized their belief in a guaranteed national wage and were uneasy that their wages at Software, however equal among each other, might prove high by national standards. Addison, for example, said that 'one's expectation of the co-op should not be more than one's monthly salary,' which would ideally be the national average.[2] The policy statement of the co-operative given in the group interview was similar: 'We aim to set salary at the national average. We do not see the co-operative as a mechanism for earning money. It is an ideological attempt to get individuals away from accumulating assets'.[3] Only Locke professed himself 'not committed to equal salaries. I am quite happy to go along with it, but to me it is not the important thing'.[4] The only other expression of support for unequal salaries was the statement that the co-operative is 'always committed to paying more for more boring work', which constituted a wage hierarchy but one unlikely to encourage entrepreneurship.[5]

Members were committed to the co-operative's success and worked hard, but they believed that what was owed to the worker -- wages, and the

---

[1] For one example, see Group Interview, p. 8.

[2] Addison interview, p. 7.

[3] Group interview, p. 8.

[4] Locke interview, p. 8.

[5] Group interview, p. 13.

guarantee, if not the obligation, of work -- was owed to non-workers as well through a guaranteed national wage available to all. Thus the link in their minds between work and financial reward was not as forceful as it might be for a traditional entrepreneur. Work was not for them simply the sine qua non to financial support; it was also an end in itself (because the co-operative allowed it to be enjoyable) and a means of achieving more transcendant life goals. Stanley, Addison and Locke, for instance, thought about taking sabbaticals, which in principle the co-operative supported. Stanley said:

> I would probably have to leave Software for two years and take on a contract job and earn a large amount of money for six months. For the remaining year and a half I would travel on that money.[1]

This is perhaps the 'blitz' pattern (which bothered Metasa about the working habits of Stan Cloud) on a larger scale; it perhaps also suggests that the members' commitment to hard work was a means to a particular end or ends, subject to change according to need or temperament.[2]

---

[1] Stanley/Potter interview, p. 3.

[2] Ibid. Addison would also have liked a sabbatical, but recognised that it would hurt Software: 'Because of the nature of our work .... one can't just let people come in and write a piece of software and then wander off. Ultimately, the co-operative is responsible for suppporting that software and the best person to do that is the person who wrote it'. Addison interview, p. 2.

6.3.6 Looking towards the Future

At the time research was completed, there were two or three other co-operatives and a few sole traders doing work similar to Software.[1] Software tracked the competition by routinely scanning the trade press, advertisements particularly. Software's market position was challenging from the start, and though it established a strong presence in its niche, it needed to create greater awareness of that niche among potential customers and keep up with the brisk technical change in the microcomputer industry:

> The problem has been that the concept of software without hardware is difficult to get across to many users. Advertisements tend to show machines, not programs. It has been a hard slog to get people to recognise that the product you buy is only as good as the software. Most of the sellers in this market hawk machines and make their profit on them. They offer subsidised software that is generally mediocre.[2]

Unlike traditional entrepreneurs, Software's members did not hope it would grow and grow. Addison said:

> Our orginal plan was that it would never be very big. It would be a network organisation that would hold an optimum number of 15 to 20 people. After that, you split off and start another co-op .... I have never envisaged Software growing, developing packages that would sell widely, thus giving us more money, so to speak, than we would know what to do with .... We are trying only to generate enough revenue to do the work we want to do, for the people we want to do it for. Ideologically, what kind of product could we develop that would be applicable to a mass market? I can't think of anything .... At all levels of society people's expectations are to accrue. The concept [at Software] of not accruing something after a length of time at a firm is not common.[3]

In seven to ten years, Stanley and Potter wanted to see Software with more links to co-operatives and perhaps '30 or 40 people organised in small groups and specialising in different areas under an umbrella that Software might

---

[1] Addison interview, p. 1.

[2] Ibid.

[3] Addison interview, p. 8.

organise and co-ordinate'.[1] Locke, too, was keen to see Software grow, and perhaps split once it reached two to three times its current size.[2] He preferred to focus, however, not on growth for growth's sake but on the integrity of the growth process. He wanted to make sure that the co-operative's priorities remained intact. For him, Software and whatever offshoots it might spawn had to 'create jobs which are interesting and which involve working closely with people who share common political interests'.[3] He wanted Software and its offshoots to generate a reasonable income while continuing to teach people 'group work techniques', including rotation of jobs and training each member in as many skills as possible. He also wanted to preserve the egalitarian atmosphere, and the ability 'to either take time off or to work part-time in order to share in the care of my household's children'.[4]

In discussing the future, the members had clearer ideas about the co-operative's organisation than they did about any potential new products. The legacy of the bitter feud between the games producers, led by Burke, and the more pragmatic 'bodyshoppers', led by Locke, might have discouraged members from proposing new product strategies; in addition, the absence of systematic marketing work reinforced the tendency to respond to market developments rather than lead them.

Software's members tacitly accepted the hypothesis advanced in Chapter Three that the co-operative form would not necessarily work in other industries. Says Addison: 'You couldn't run a steel works on this basis [of splitting off new firms after there are 20 or 25 members]. Even if you

---

1 Stanley/Potter interview, p. 9.

2 Charles Locke, 'Evolving Software' (1982), p. 1.

3 Ibid.

4 Ibid.

tried to organise a lot of little co-ops together to work on one massive project, the negotiations among them would become a major headache and occupation'.[1] As for whether Software is as efficient as comparable traditionally organised firms, the members disagreed. Hough, expressing the dominant view, conceded traditional companies no advantages:

> I have found that working in a co-operative is just as efficient a way of working, especially over the long haul, as any other arrangement might be. I think co-operatives will always stay marginal to the mass of traditionally organised businesses not because of their deficiencies -- whatever one may construe them to be -- but because of the power of capital to keep them marginal.[2]

She believed that the existing economic system bent itself towards keeping co-operatives from flourishing. But Stanley believed that the co-operative's long-lived internal disagreements imposed a competitive disadvantage:

> There is inevitably disagreement about major policy areas. These disagreements over major policy issues have caused a lot of aggravation in Software in the past .... The major problem is accountability in determining policy. Especially when one is competing with traditional, hierarchical companies in the marketplace, these problems can be quite a disadvantage.[3]

Addison estimated that '30 to 40% of each individual's time in the co-operative is spent on administrative tasks, meetings and doing things aside from revenue-generating work', which would be considered high for partners in a professional group.[4] If the co-operative were to grow and took on larger and more complex projects, the amount of time spent talking, administering and especially disagreeing would have to be restricted.

All members believed that any large-scale development of small co-operatives like Software would require the growth of a significant social

---

[1] Addison interview, p. 8.

[2] Hough intervew, p. 11.

[3] Stanley/Potter interview, p. 2.

[4] Addison interview, p. 16.

infrastructure, then scarcely present: more education, better institutions for training co-operative members, more systematic exchange of information among co-operatives, better access to finance and a larger pool of personnel experienced in democratic work, and most importantly and simply, a larger network of co-operatives with which to do business.

6.4 Conclusions

Most of Software's problems -- the members' inability to delegate responsibility, a governance system which was informal to the point of nonexistence, the self-imposed typing dilemma, the refusal to tackle advertising or marketing seriously -- flowed inevitably from the members' libertarian politics. They prized individual freedom above all. They wanted to preserve the co-operative's small size, informality and intimacy. They were ambivalent about entrepreneurship. Consequently the co-operative never took decisions which would offend any member, could not agree on a business strategy, and resisted any concerted attempt to improve efficiency.

In the early years this combination of traits resulted in an inability to generate surpluses, despite some grants, subsidised housing and long hours worked for low pay. But during this time the members did not become disaffected. They liked their work and the notion that they were building a democratic organisation. They worked like entrepreneurs for the pay of volunteers. Thus the co-operative's labour intensity made up for its operating inefficiencies. But this willingness to work hard for low reward could not be permanent, as shown by three members' yearning for sabbaticals and some members' recognition that family responsibilities might change their approach.

After 1982, Software's high technical skills and growing demand for microcomputer expertise allowed it to anchor itself more solidly in financial terms. Members came to earn far beyond the national average. While high

wages led to some difficulty in keeping growth in costs below growth in revenues, and the co-operative was still reluctant to buy enough capital equipment, still Software grew substantially and achieved an essential measure of fiscal stability. While the financial data do not permit any precise conclusion to be drawn about whether Software was more or less efficient than comparable traditional firms, it is evident that Software -- even though it had substantial room for improvement -- was efficient enough to compete successfully.

The most interesting aspect of this case study is the light it casts on the various hypotheses concerning the behaviour of small democratic firms advanced in Chapter Three. There it was argued that the co-operative form would be well suited to firms where rapid technical change favoured a fluid, 'organic' structure, and to professional bureaucracies where largely autonomous, highly trained individuals derived advantages from working together. Software could not have been any more fluid; indeed its problems stemmed from too little leadership and organisation. While the members did not have a common professional license, still they were highly skilled and worked mostly by themselves or with one other member. It is interesting that none of the co-operative's many disagreements centred on how best to serve a client; members shared a common notion of work standards, and worked hard to adhere to them without needing to be told.

Another thesis advanced in Chapter Three was that pathologies characteristic of small group decision-making can take firm root in co-operatives. Among those described was a fear of leadership and decisive action labelled the 'tyranny of structurelessness'. A related organisational neurosis called 'depressive' was outlined, in which

> the firm drifts aimlessly, without direction .... [It] does not engage in much information gathering to discover the key threats and weaknesses in markets .... Yesterday's products and markets become today's, not so much because of an explicit policy of risk avoidance or conservatism as from a lethargy or blindness to

> strategic matters .... Most of [managers'] time is spent working out minor details and handling routine operating matters.[1]

Software, despite its adequate financial performance, suffered from these maladies. Members' fierce commitment to self-determination, unrestrained by any unifying ideology such as Athena or (to a lesser extent) FP possessed, systematically blocked good planning, capital investment, and the development of new markets. Disagreements were aired but almost never resolved. Impasses were typically handled by letting each member make an individual choice. Outside advice and feedback -- much easier for small groups to obtain when they are part of a larger organisation -- were entirely absent, coming neither from the organised co-operative movement (whose contributions were scanty and badly suited to Software's line of business) nor from systematic outreaches by members. Ropo would describe the leadership of this co-operative as 'contractive' -- a vicious circle of poor leadership and an unreceptive organisation, leading over time to decreased effectiveness in meeting environmental challenges.[2]

As noted in Chapter Three, experts in small group design have argued that a certain uniformity of viewpoint is essential to the success of operating groups (slightly less so to the success of business planning groups). Sharing a common desire to be left alone is uniformity of a sort, but not the sort needed to make a business truly successful. Its logical consequence is a fundamentally conservative, risk-averse outlook. There was nothing irrational or wrong about members' deliberate decision to avoid significant growth, but

---

[1] DeVries, Manfred and Miller, The Neurotic Organisation, pp. 35-6.

[2] While Tim Burke, a founding leader of Software, tried to exercise leadership at first, his antagonistic personality led to frequent impasses, and ultimately made the remaining members skittish about leadership of any sort, even after he departed.

the undiscipline of its internal organisation meant that Software could not grow even if it had wanted to.

An important ingredient of effective small group performance discussed in Chapter Three is leadership, of three basic types: founding, symbolic and facilitative. Burke provided the founding leadership, but his obsessions and stormy personality did not mesh with the desires of his fellow members, who (unlike in a traditional firm) could veto his plans. After his departure, the co-operative became effectively leaderless. Locke and Addison ensured that work was competently performed for clients, a kind of quality control leadership, but this was more a policing of minimum professional standards than true leadership. Neither took any lead in proposing new markets, methods of organisation or solutions to the firm's recurrent impasses.

Despite these relatively glaring deficiencies in decision-making, Software also shows that democratic organisation can elicit high commitment and satisfaction from members. While some founding members left Software because of political disagreements or a desire to pursue other interests, those who remained were happy and stimulated in their work, which had ample amounts of the skill variety, task identity and task significance that Hackman and Oldham identify as crucial to job satisfaction. Interestingly, the members' greatest pleasure in working for Software seems to have derived not from the inherent democratic satisfactions of meeting, discussing and deciding, but from having the power to choose only interesting work. This lends support to the hypothesis advanced in Chapter Three that workers in large co-operatives mainly seek out of workplace democracy the chance to control their own immediate tasks, and are less concerned that they contribute to high-level decisions on firm strategy. And, existing in a field where demand was high and the technology kept changing, Software was able to obtain challenging and profitable work even if its internal workings were

sloppy. The firm's high independence, in labour process theory terms, insulated it from competitive pressures which might otherwise have shown up its internal weaknesses.

It is difficult to draw any conclusions from Software about the role of co-operatives in expanding employment opportunities for women, since it had only one woman member. The men were committed to making the co-operative more sexually equal, gave Hough an equal say and tried to rotate jobs to extend her skills. On the other hand, she did not have the same fascination with computers per se as most of the men, whose technical competence appeared to be higher, and was put in charge of the administrative work when her computing skills turned out not to match the available work. For Hough and probably for other women to develop their computing skills to be able to provide leadership within the firm, Software would probably have to invest more in training them. Active recruitment of women studying computing at university might also be necessary, although the pool of women with good technical educations is small, for reasons discussed in Chapter Four.

Finally, Software's record points once again to the handicaps co-operatives face in being unable to command significant resources. Conventional finance was difficult to obtain, members were poorly educated in the skills necessary to run a business and in democratic decision-making, and the co-operative could not easily spare the time or money necessary to redress members' shortcomings (say with business training programmes, or seminars on leadership). While in later years Software's failure to invest in new computer hardware stemmed mainly from the decision-making pathologies described above, its early progress was handicapped by having to resort to family members for small amounts of capital. It found no network of similar co-operatives on which it could rely for advice, loans or sales. Its group processes were not well managed, but their shortcomings stemmed not only

from members' commitment to individualism but the pressure towards unreflective, ad hoc responses imposed by skimpy resources.

CHAPTER SEVEN

Case Study of Measurement Ltd

7.0 Introduction

Measurement Ltd is the most successful of the three co-operatives studied for this thesis. During the period of field research, its thirteen members (up from two in 1975) manufactured a widely respected and highly profitable range of scientific instruments, used mainly by research institutes concerned with meteorology and plant physiology. A close working relationship with an eminent plant physiologist allowed Measurement to pioneer many important new products and ensured their quick market acceptance among the closely connected world of plant researchers. The co-operative was idyllically situated in a village near Cambridge, with combined offices and workshops in attractively restored barns overlooking pleasant gardens and farmland. The workers, some of whom lived in a housing commune on the premises, but many of whom were housewives and others from 'normal' nuclear families in the village, were enthusiastic about their products, their pay and their overall work life. The women workers in particular, comprising about half the membership, praised the flexible hours, the chance to learn new manufacturing, electronics and business skills normally closed to women, and their own growing self-confidence. Decisions

were efficiently reached, usually by consensus. Staff turnover was low and product quality high. The overall spirit of the members is best described as joy in their work, and also in the well-balanced lives their high productivity and profits permitted them to lead in conjunction with work.[1] In fact it is difficult to find any aspect of Measurement's structure or operations which merits serious criticism.

For that reason, this case study will concentrate less on identifying Measurement's weaknesses than on identifying the key ingredients of its success, using the other co-operatives studied as a base of comparison. Three such ingredients are most significant.

First is the quality of leadership. The co-operative was founded by Charles Williams, who operated it essentially by himself for several years. He had considerable experience manufacturing electronic instruments and a dislike of the hierarchy and unequal financial reward of traditional firms. From Measurement's inception he was determined to share 'profit and decision and responsibility',[2] but not at the cost of business failure. As the enterprise succeeded and grew he made the difficult change from 'founding' leader to 'symbolic' and 'facilitative' leader, able to balance his sense of stewardship with an equally powerful conviction that sharing power is morally correct and a practical technique for running a business. During the field research it was evident that Williams took pleasure in his fellow members' commitment to the business and capacity to make hard decisions, even when they overruled him. At the same time he thought hard about

---

1 One member captured Measurement's combination of practical effectiveness and good living with the interesting phrase 'the dance of the efficient hippies' (originally applied to describe the life at Parsonage Farm, the housing commune associated with Measurement.) J. Beatty, 'Parsonage Farm' (March 1982).

2 Circular letter from Charles Williams (19 Dec. 1971).

important strategic questions and devised practical answers which generally won support.

The second main factor in Measurement's success was its wise choice of market to attain high independence from competitive market pressures, and skilled leadership within that market. When Williams decided to start Measurement, he deliberately sought out a product line which would not attract competition from large manufacturers who could swamp Measurement by low profit margins on high sales volume. He wanted to make low-volume, socially productive devices, and through high-quality design work on several projects attracted the attention of John Monteith, a professor at Nottingham University who already held important patents for instruments used by plant physiologists and had ideas and partial designs for many others.

The Monteith connection, combined with close attention to user needs and regular study of relevant scientific journals and competitors' technology, allowed Measurement to lead developments in its field and win quick acceptance for its products among the small world of academic and commercial laboratories which need to measure plant functioning. 'The firm is absolutely receptive and keen on technological change. In fact we get something of a high from it'.[1] Because high-quality specialty manufacturing of this sort was profitable, most Measurement members could work fewer than 30 hours weekly and still earn (at £5 per hour in 1984 and £6.25 per hour in 1988) salaries they considered handsome. High profitability permitted Measurement to construct attractive offices, buy necessary equipment, contribute significant amounts to a 'Socially Useful' fund, and attract competent employees. By permitting Measurement to avoid some of the brutal choices which poorer co-operatives often face (for example, member compensation versus capital investment, R&D versus immediate sales),

---

[1] Alan Morrison interview, p. 5.

Measurement's market position contributed considerably to its harmony and stability.

Third, Measurement's very success established a kind of momentum which made further success much more likely. The basic framework of the business became established and secure. The membership was cohesive and confident about the future. Unlike Software, Measurement's decision-making meetings during the period studied took 60 to 90 minutes weekly; votes were seldom necessary; while a few issues took a long time to decide (the most difficult was whether to convert from a partnership to a formal co-operative, which took several years), the membership generally made decisions efficiently and knowledgeably. Long and inconclusive disputes over basic issues, such as beset Software, were unknown at Measurement. The result of this successful decision-making process was continued high morale, high profitability and the ability to attract competent new members.

Measurement, like any institution, had flaws that became apparent during the research. Depite its commitment to sexual equality, women were largely excluded from the most demanding task of product design and development. The time and money needed to bring new products to market were consistently underestimated. Delivery times were too long, up to ten weeks, due to a work schedule in which too many part-time workers spent too little time in actual production. But these were minor drawbacks. In general, Measurement was a model co-operative, combining business success with effective democratic decision-making and rewarding work.

7.1. Measurement Ltd Operations

7.1.1 History

Charles Williams founded Measurement in 1971. A Cambridge chemical engineering graduate, he had worked for several years as a production manager at Wright Devices, a specialty manufacturer of scientific

instruments. Williams began to chafe at the hierarchy which permitted Wright Devices' owner and founder to 'have two houses and three cars and set his son up with a factory,'[1] while he and others who contributed significantly to the firm's success were making £1,000 a year. He toyed with the idea of joining with his colleagues to buy the firm from Wright, but the finances proved impracticable, even if Wright had been willing to sell. At the time Williams was living with Sue Aitken, a charismatic person 20 years his senior whom he had met through the Cambridge Humanist Society and who had conducted seminars on communes for students and townspeople in Cambridge. From their discussions he developed the idea of 'a [housing] commune [associated] with some sort of business like the one I was working in -- one that could provide reasonable pay for the people working in it and would make things that were socially useful'.[2] Although strongly influenced by countercultural influences then ascendant such as the Diggers, 'hippies' and 'small is beautiful' ecology, Williams retained an independent, hard-headed core in his vision of an ideal commune which, given Measurement's later development, merits quoting at length:

> The legacy of the hippies was that if anything was difficult, you avoided it and said 'that was a heavy scene, man'. In general, hippies felt that if something was difficult, it wasn't worth doing. There was a great belief in drifting by and doing minimum work. I never did fancy that much; I am too much of a technologist really. If I didn't have a motorcycle I would go out and invent one. I have always felt that what is important is controlling your life as much as you can and the environment in which you live, rather than switching yourself off from it. My feeling was that one couldn't escape the nastiness in the world, and so it would be best to confront it head on, to arrange an interaction with the objectionable parts of the world so as not to have to compromise one's integrity. I have also felt it was important to be successful. Achievement is not inherently wrong, undesirable or unworthy of pursuit. Quite the contrary to my mind, and so I have felt ... it is good to try to achieve things and to be objective about whether you did achieve them or not. [At the same time,] the hippie

---

[1] Williams interview, p. 1.

[2] Ibid., p. 3.

philosophy is still in the memory of those now working in co-operatives and ... forms a subtle background to their thinking.

. . . .

[When I asked] various communes about what they did to keep body and soul together, they seemed largely to make beads to sell to tourists. This is not terribly fulfilling work. It is a bit parasitic because you depend by definition on people who are more affluent than yourselves. It is also a real subsistence economy. You spend so much time at your work and you get so little money for it. All the money gets channeled into the real essentials and you basically get less and less effective at living .... My feeling was that it would be nice to get something going that would be able to bring in reasonable wages for people and this would liberate your lifestyle a bit. [Work] would be on the premises so you wouldn't have to travel to work. This would enable people to work flexi-time and allow work to be a complement to childrearing, gardening and other activities.

. . . .

I also felt the [work commune] had to be a profit- and decision-sharing enterprise. Even with the benevolent dictator at Wright Devices, I felt resentment at being at his beck and call, resentment at being at the end of his charity and resentment when I wasn't in that position. I always felt about Measurement that you are to some extent at the mercy of the people with whom you are prepared to share decision-making, but at the same time they respond to the fact that you have given them responsibility for sharing the decision. I think you have to take the risk of your group decision not being quite as perfect as you would hope it to be. It is the having of choice and using your responsibility to make sensible choices for yourself, in your own enlightened self-interest, which makes for good decisions and reflects back on your own existence.[1]

What line of work could support a firm embodying this philosophy? Williams' experience at Wright Devices led him in the direction of designing and producing an inexpensive 'genuinely useful' electronic device. 'If the device could be easily modified to suit the customer's particular requirements this would be a considerable advantage because one is no longer competing with a production line article that a large firm can produce at low cost'.[2] Such a device need not be complex, he thought; those

---

[1] Ibid., pp. 2, 3, 9-10.

[2] Williams advertisement for a gathering of potential 'communards' at Crow Hall (Oct. 1970), p. 1.

manufactured by Wright Devices

> are not based on highly original ideas -- they just work. They are reasonably priced and each one is built to the customer's order and tailored to his needs. Because the firm is small the overheads can be kept low and one can give good and prompt service. It is a highly profitable business.[1]

Fifteen years before Cornforth et al. used labour process theory to recommend that co-operatives avoid industries where hierarchy and labour specialisation conferred significant advantage, Williams understood that concept and acted upon it.

To find a collaborator, preferably an experienced inventor, with a good feel for devices which could actually sell, Williams placed an advertisement in the New Scientist seeking an 'electronic/mechanical idea or device with applications in scientific or industrial fields wanted as a basis for a small business to be run on non-capitalist lines, i.e., profit and loss sharing.'[2] He received several replies, the most promising from a consultant anaesthetist, Dr. Keating, who suggested a sensitive instrument for measuring skin temperature differentials for use in burn treatment, early detection of breast cancer and rheumatology. Williams already had some experience in designing thermometric devices, and with Aitken as his partner, decided to launch his new enterprise, Measurement Ltd. While still employed at Wright Devices, he equipped a garden shed (out of his savings) with a new lathe, drill, bender and other items to permit him to begin production. 'I felt there was no other way to find out if there was a market for the instrument than by making a few and trying to sell them'.[3] While his savings were not large, Williams had enough to make a realistic start at his business and provide a cushion in case sales were slow.

---

[1] Ibid., p. 2.

[2] New Scientist (22 Oct. 1970).

[3] C. Williams, 'A personal history of Measurement Ltd' (1976).

Within six months Williams produced a workable design and entered into a licensing agreement with Keating. He changed his status at Wright Devices from full-time employee to self-employed consultant, enabling him to maintain a reasonable income while finding time to sell his prototype through visits to hospitals and trade shows, mailings to doctors and demonstrations to relevant journals. In this same period, he, Aitken and some others purchased Parsonage Farm, the residential commune which they had long aspired to own. The property comprised a dilapidated house in a village near Cambridge with eight bedrooms and some Tudor and Elizabethan barns, one of which became Measurement's workshop. Considerable effort was invested in renovating the buildings. 'No, we don't agree about everything and we do have arguments', Williams wrote at the time.

> The 'love-and-peace' brigade want the place to be geared to happiness, the others of us want the place to be more than just a living unit and regard happiness as being the possible by-product of the 'journey' towards making the place more than just the sum of its parts. But we have unifying factors also and the situation is not as polarised as I have described it. We have our elation and joyful times as well as depression and hurt feelings -- but this is life and we do not feel trapped.[1]

The skin temperature meter did not sell well. Williams spent long hours in his workshop devising alternatives. He adapted Keating's successful pulse meter for veterinary use, produced some one-time devices for university laboratories, built a soil psychrometer (which measures the 'water potential' of soil) for the British Antarctic Survey, and adapted the skin temperature meter for geophysical applications. None of this work produced the steady income stream Williams needed to create his 'profit- and decision-sharing' enterprise, but it extended his skills and contacts.

One of these contacts proved decisive. In March 1973 Williams received a letter from John Monteith, Professor of Environmental Physics at

---

[1] Williams circular letter (December 1971), p. 2.

the University of Nottingham, suggesting a range of instruments for which he felt there was a 'substantial market' for a British manufacturer.[1] Monteith already had important patents and a good reputation in this area. 'I couldn't have wished for more!', Williams wrote. 'I knew I could do it, and I knew I wanted to do it. I knew that, at last, Measurement Ltd had a chance of becoming something a bit more than just me skulking in a tiny workshop'.[2] Monteith and Williams quickly agreed on the first devices Measurement should make, a tube solarimeter (to measure the amount of light striking an area, useful for example in determining whether a low crop can be grown under the canopy of a high crop) and an automatic porometer (to measure leaf resistance to water diffusion, useful in a range of plant and pollution research). Williams secured help on the electronics of the poromoter from a friend, to whom was promised a share of royalties (because Williams could not afford to pay him a salary). Measurement, Monteith and Nottingham University also entered into a contract which committed the University to provide technical expertise to Measurement alone, refer product inquiries to Measurement and demonstrate improved Measurement designs in their laboratory, in return for royalties on Measurement's products: five per cent for porometers, solarimeters and integrators (which sum data over time from other instruments, useful, for example, in obtaining averages), ten per cent for tube net radiometers and twenty per cent for simple net radiometers, where Monteith's contribution had been most substantial.

Now that Measurement's future looked optimistic, Williams' 'agonising over matters moral/political took a slightly different turn',[3] as

---

1 Letter from Monteith to Williams (22 March 1973).

2 Williams, 'Personal history'.

3 Letter from Williams to In the Making (late 1973), included in Williams, 'Personal history'.

demonstrated in a letter advertising Measurement that he wrote in late 1973 to the journal In the Making:

> Now, as regards Measurement Ltd, what I want to do is to publicise our existence so that someone else with similar aims and the right skills and enthusiasm might enquire if there were some way in which he/she could join in. We haven't the money or the orders yet to be able to offer a salaried post and we both [i.e., Williams and Aitken, who were both partners in Measurement though Williams was its mainstay] feel a bit unhappy about ... Common Ownership [according to ICOM norms]. It was our enterprise and skill and savings that started Measurement; we are not asking for exorbitant salaries nor the whole profits but we are reluctant to give control to a democracy of the 'workers'. Where is the quid pro quo; what's in it for us -- altruism or something? Perhaps I'm losing my nerve now that it seems to me that Measurement has a good chance of getting off the ground.[1]

In early 1974 Measurement produced its first porometer (25 were sold in the next year), and by December had introduced a millivolt meter (for recording data produced by other instruments) and a radiometer. In April 1974 it acquired its first new members. Fred Untermeyer, a Cambridge maths graduate who had worked as a research assistant at the Nuclear Research Establishment and taught for several years, answered Williams' In the Making letter because he was interested in ecology and had a strong practical bent which teaching did not fulfill.[2] Untermeyer liked Measurement and was offered part-time work as orders permitted. He also moved into Parsonage Farm. He soon became a partner in Measurement with Williams and Aitken. Jeff Beatty, a natural sciences graduate of Cambridge, and his wife Cynthia, a Sussex biology graduate, returned from voluntary work in Africa to see how Aitken's interest in communes had developed and took up residence at Parsonage Farm. Both Beattys obtained teaching positions but were available for some work at Measurement.

---

1 Ibid.

2 Untermeyer interview, p. 1.

Williams continued to wrestle with the problem he had posed in In the Making: how could he receive some return for his early contributions to Measurement if more recent arrivals could outvote him? He devised the concepts of 'deferred earnings' and 'deferred interest'.

> The idea was to write into the accounts the extra value you ought to have been paid for the hours you had worked if you'd been paid at a 'fair' rate. Similarly, interest on capital was written in. If Measurement made sufficient profit subsequently these amounts would then be paid off. We didn't build in any inflation proofing or index linking -- I was afraid it would make the numbers so big that we would never be able to pay them off.[1]

The partnership agreement embodying this principle, painstakingly drafted by Williams, was complex but won his colleagues' approval.[2] The agreement provided for distribution of profits in three categories. First, each partner received wages from multiplying an agreed-upon rate by the hours worked. The rates for each partner differed somewhat, with Williams receiving the highest. The remainder of the profits was divided in two, with one half going to the partners rateably according to hours worked and the other half to the partners' deferred accounts. By the end of 1974, Measurement's sales had reached £4451, net profit was £1552, and the deferred accounts stood at £8380 for Williams, £220 for Untermeyer and £97 for Aitken. It is interesting that Measurement devised independently a workable form of the 'internal capital accounts' discussed in Chapter Two, which by promising an eventual return on 'sweat equity' have proven highly valuable in providing members with a financial stake in their firm's long-term success and co-operatives with self-finance.

---

1 Williams, 'Personal history.' Partners could gain access to their capital account only when they left the partnership, the partnership was dissolved or by agreement.

2 Untermeyer said of Williams: 'He has a very accurate eye for the important thing that needs doing at any stage, but that can often be something that's very complex, which he then takes on in a painstaking fashion; but other people usually haven't even perceived it as as a need, and they sometimes become resentful of him'. Untermeyer interview, p. 8.

The most important personnel change in 1975 was Aitken's withdrawal from Measurement. Her personal relationship with Williams had been declining for several years. Furthermore, although an 'incredible woman, amazingly energetic' who excelled at some practical tasks like gardening and decorating, she did not take well to constructing instruments. As Williams, a somewhat solitary and complex personality, grew more distant from Aitken and focused on Measurement's business efficiency, Aitken spoke up for communal values and 'poured bitter and most articulate scorn on all of [Williams'] ideas'.[1] Unlike FP and Software Ltd, where personal disagreements over co-operative policy periodically paralysed the organisation, Measurement's most analogous rift ended relatively quickly through Aitken's departure.

The steady increase in orders required Measurement to take on new members. Jeff Beatty joined full-time in 1976, concentrating on product design and development. Cynthia Beatty began to handle the firm's accounts. In 1977, Measurement took on Charles Neale, a business studies graduate who had worked as a production planner for a large pharmaceutical company. He was the first member of the firm not to live at Parsonage Farm, preferring to live with his wife and children in the village. Betty Pelling, a village housewife with a Higher National Certificate in Applied Physics who had worked in various university labs before starting her family, strolled in one day to see if work was available and was shortly put on a regular schedule of producing instruments.

Concerned to share decision-making authority with the part-time workers while preserving leadership in the partners, Measurement made the new part-time workers (Cynthia Beatty and Pelling) 'subcontractors'. Decisions were reached by consensus at meetings which included the

---

1 Untermeyer interview, p. 2.

subcontractors, but they were paid at a straight hourly rate about two-thirds of the partners' rate and did not share in profits. Over time the inequality in this system rubbed against the partners' democratic principles. In December 1977, Cynthia Beatty asked to join the partnership, which precipitated active consideration of becoming a full-fledged worker co-operative. The biggest impediment turned out to be taxation, which would increase in three categories. First there was a one-time tax of some £7,000 on the transfer of capital from the partnership to the co-operative, based upon profits in the year of transfer. National Insurance rates would also rise sharply: instead of the £3 per week paid by partners and subcontractors as 'self-employed', the co-operative would have to pay 12% of each member's gross salary, plus an additional eight per cent from the member. Annual income tax on the co-operative's income would also be nine per cent more than on the partnership. Williams calculated that in 1979 Measurement's total tax liability would have been £11,000 more as a co-operative than as a partnership.[1] These sobering numbers discouraged interest in converting to a co-operative, but the inequality of the existing structure, although mitigated by the daily reality of group decision-making, continued to grate. The decision was finally taken in 1980 to prepare for converting to a co-operative by reducing the capital transfer tax liability. All members were admitted to the partnership, which enabled Measurement to qualify for business continuation tax concessions. The conversion was approved and formally accomplished in 1982, when the capital transfer tax was £3000 instead of the £7000 originally estimated.

This decision was the most difficult in Measurement's history. To reach it in 1982 the workers had to abandon consensus decision-making and vote. Seven favored converting to a co-operative, one wanted to remain a

---

[1] Notice on bulletin board (nd, c. 1980).

partnership, and two abstained. The prevailing sentiment was that maintaining a legal structure which recognised inequality among workers would breed discontent and ultimately cost more than the tax bill. In addition, Williams says that a conscious desire to aid the co-operative movement played a role. The much higher taxation made it

> a pretty painful step to take, [but we] wished to do something which was more overtly supportive of the co-operative movement. While we were a rather special partnership, it was rather difficult to say that more people should be like us. You needed to understand partnership law to understand us, and that is not all that obvious.
>
> . . . .
>
> I think everyone individually had pretty strong personal misgivings and doubts about [the decision] at one time or another. There was quite a lot of vacillation, people changing sides. It took us years to make this decision.[1]

Several years after the conversion, no members expressed any regret over it. Prices may have increased slightly to provide for the higher tax, but the co-operative continued to make plenty of money. Members were proud that the structure underscored their commitment to worker equality.

7.1.2 The Organisation of Production

A. Manufacturing

Measurement manufactured twelve items during the period of field research. In addition to the psychrometer, porometer, solarimeters and radiometers mentioned above, an important new product was a device for measuring leaf area quickly and accurately using an adapted television camera. This device was more precise, flexible and cheaper than competitors' products using a different technology and quickly won a strong following. Various accessories to these principal products were also sold.

---

[1] Williams interview, p. 16.

The organisation of Measurement's manufacturing processes tried to balance the benefits gained from specialisation with those gained from training members in a variety of tasks such as enjoyment of work and production flexibility. A co-ordinator for each instrument ensured that adequate inventory was on hand to meet anticipated orders, that orders were promptly filled[1] and quality maintained. Actual production was performed by the instrument co-ordinator as well as the rest of the membership, who established monthly production schedules for each instrument and adjusted them in frequent informal talks. A number of manufacturing operations were typically required: stamping, drill and lathe work for the instrument housing and some other parts in the machine shop; electronics assembly; and calibration and testing. While members tended to develop a regular attendance pattern, there were no set working hours besides a meeting for everyone each Thursday morning. Each member had to work a weekly minimum of hours, but within limits (discussed below) could choose the timing.

In 1981 a study conducted by Williams revealed that Measurement members devoted an average of only six hours weekly to actual production time; multiplied by 13 members, this was 78 hours, or the equivalent of two full-time workers out of a total of 13 members (more than half of whom

---

[1] Delivery time ranged from four weeks to ten weeks; the co-operative considered ten weeks too long.

worked 20 hours weekly or less).[1] The firm was still financially healthy, and the large number of part-time workers made the low average understandable, but everyone agreed that continuation of this trend would jeopardize Measurement's reputation as a timely provider of low-cost products. It was decided that time spent on 'overhead' functions would decrease and production time would rise. In addition, workers had to commit to a minimum number of hours each month, and this figure could not be varied by more than 40 hours without group approval. Any vacation longer than two weeks also had to be submitted for approval. This gain in predictability of work hours and production planning came at very slight cost to members' freedom. In 1984 and 1985, hours logged to production accounted for about 30% of total hours.[2]

The most consistent production problem observed was inventory control, both ensuring that goods from suppliers met minimum quality standards and keeping an adequate supply of finished products on hand to fulfill unpredictable orders. The co-operative often had to return components to their suppliers several times before obtaining ones which met specifications, which was 'frustrating, time-consuming and expensive';[3] meanwhile Measurement's own customers were kept waiting. Measurement avoided keeping many of its own products in stock. A large inventory was

---

1 Even full-time workers seldom devoted more than 35 hours weekly to Measurement; most worked part-time, between 15 and 20 hours weekly. Morrison believed that those who lived at Parsonage Farm 'work less than anyone else. As far as I can work out, they are forever nipping out to do a bit of hay-making or gardening'. But Morrison himself said he rarely worked five days in a week, and probably averaged 25 hours weekly. 'The place is so flexible I tend to plan my days one by one. There is rarely a deadline'. At the same time, members took their responsibilities 'very seriously', often coming in each day to make sure all was well even if they were not scheduled to work. If needed, people readily worked extra hours. Morrison interview, p. 3.

2 Measurement Ltd, 'Members Report 1985', p. 2.

3 Travis interview, p. 6.

too costly to maintain, but its absence exacerbated the long delivery times. Measurement took to manufacturing certain key components itself, but for many items this was too expensive. The co-operative also moved towards using subcontractors to prepare about ten per cent of its components, such as soldering circuit boards. Careful records were kept about the component and labour costs involved in each batch of five to ten instruments made at any one time, to identify areas for cost reduction. The co-operative tried to be very frugal with parts and scrap. 'People go out of their way to try to fix their mistakes or incorporate scrap into whatever else they are making',[1] even if it might have been more economical to buy a new part.

Other functions which workers performed include bookkeeping, ordering parts, invoicing, shipping, repairs, handling phone inquiries from customers, sorting the post, writing letters, product design, finding new members and general maintenance. Some of these areas became the province of one or two expert workers, particularly bookkeeping, which Cynthia Beatty (until 1983) and another member thereafter did basically by themselves. Shipping, too, required a thorough knowledge of export regulations to document the increasing share of Measurement's products sold abroad (over 80% in 1985). Product design was also a specialised function, left largely to Jeff Beatty, with assistance from Williams and Neale, and Neale did most of the marketing. Certain jobs were periodically rotated, such as mail sorting, safety and certain production tasks. In general, the jobs which rotated were those which required less skill or specialised knowledge to be performed efficiently.

While the co-operative was scrupulous about equal pay and an equal formal role in decision-making for each member, there was nevertheless an implicit hierarchy of influence. Williams, Neale, Untermeyer, Jeff Beatty and

---

[1] Morrison interview, p. 7.

to a lesser extent Cynthia Beatty worked the longest hours (which, however, were seldom more than 35 per week) and performed the most 'interesting' jobs such as strategic planning (Williams), marketing (Neale) and product design (Williams, Neale, Untermeyer and Jeff Beatty). The less skilled assembly work was done mostly by women working part-time. One veteran part-time worker showed that job rotation did not eliminate all differences of skill and training when she said 'If Jeff Beatty, Charles Williams, Charles Neale and to some extent Cynthia Beatty -- because of the accounts -- were all away, I'd feel very vulnerable'.[1] In this way Measurement echoed the inequalities found in traditional workplaces.

Measurement's members were embarrassed by the sexism inherent in men doing thinking work while women did manual work, but as will be discussed below, women members praised Measurement for extending their skills and confidence. The co-operative actively sought women with technical qualifications useful in design, and was committed to job rotation so that all workers knew every job. But the tension between specialisation and equality was always present. Each instrument co-ordinator preferred to use members who had already developed expertise in manufacturing a particular item rather than train new people, and the need to rotate was something 'we're all the time forcing ourselves to work on, every meeting'.[2] Furthermore, some people preferred not to do certain jobs. 'I could ask to do the monthly accounts for a few months so that I could get to understand them; people would help me learn. But I am not interested'.[3] As in other areas, Measurement had to compromise between democratic ideology and the needs of efficient production.

---

[1] Pelling interview, p. 4.

[2] Ibid., p. 5.

[3] Jeff Beatty interview, p. 9.

By keeping careful records about the material costs of each product and the hours devoted to their manufacture, Measurement was able to price its instruments quite accurately according to what they cost. Each year the total annual costs for labour and overhead (rates, utilities, costs of running buildings, administrative and marketing expenses) were divided by the total number of production hours. The resulting figure (£25/hour in 1983) was multiplied by the number of hours logged in making a particular product; that figure, added to materials costs, was the approximate product price. The price was subject to adjustment in order to prevent high development costs on one product from raising the prices of others beyond market norms.[1]

Measurement's products were certainly price-competitive: one comparable manufacturer, P&D Bellamy, went out of business after Measurement established itself in the market, even though it allegedly copied Measurement designs and tried to block Measurement product improvements by claiming that they infringed Bellamy patents (which turned out to be nonexistent). Measurement's labour costs were lower than those of traditional firms. Its most skilled workers were willing to accept lower wages than they could earn elsewhere, which more than made up for the relatively high wages paid to the less skilled workers. Measurement also tried to emphasise advanced design, product quality and excellent service, including a one-year parts and labour guarantee and readily available telephone consultation. 'When we get complaints about an instrument, we always put the defect right and send our apologies for the problem'.[2] Fortunately, the academic laboratories which were Measurement's main customers had long procurement cycles and did not seriously mind its overlong delivery times given its price and quality advantages.

---

1 Untermeyer interview, p. 11.

2 Morrison interview, p. 5.

B. Capital Formation

Williams' savings provided Measurement's initial equipment and a reserve for labour costs and overhead; subsequently, all partners participated in what amounted to a voluntary savings plan through the medium of the 'deferred capital account' discussed above. In 1980, these accounts totalled over £10,000, which was available to Measurement for investment. In 1985 the former partners of Measurement donated £19,360 of their deferred earnings to the co-operative, to be applied to the general reserve, which stood at £81,062 at the end of 1985.[1] It is unusual for a co-operative to be able to finance expansion from its own earnings, especially when that expansion is brisk. It is, however, a preferred method of finance for many high-technology small companies, allowing for no interest payments and no interference by banks in the company's operations.[2] The co-operative members, especially the former partners able to withdraw large sums from the firm's reserves, showed unusual forbearance in reinvesting so much of their profits into the co-operative, indeed an amount which increased with time. This process of deepening commitment towards the firm's well-being is an example of evolution towards what Cornforth et al term a 'moral' orientation towards co-operative working. As individual members came to appreciate the greater control which the co-operative permitted them to exert over their work life, their support for the more abstract goals of

---

[1] Measurement Ltd 1985 Accounts, notes 9 and 10.

[2] A group of co-operative researchers has recently redirected attention to the benefits of internal finance for co-operatives and the potency of deferred capital accounts in generating it by giving members an eventual personal stake in their 'sweat equity' contributions. They argue that the importance of internal finance to many successful co-operatives disproves Vanek's thesis of an irreconcilable tension between the firm's need for investment and the members' desire for short-term reward leading to underinvestment, underproduction and underemployment relative to traditional firms. Cornforth et al., p. 65.

co-operatives -- democracy, commitment, mutuality -- intensified, a 'sea change' in outlook with important consequences for the individual, the co-operative and, if replicated widely enough, the vitality of the co-operative sector.1

Measurement purchased all of its capital equipment new. Decisions to purchase capital equipment were made by the co-operative as a whole. Members read suppliers' catalogues and otherwise kept informed about improvements in manufacturing equipment; one member, Betty Pelling, took principal responsibility for recommending new purchases in the machine shop. A subcommittee was usually formed to evaluate important purchases.

Once Measurement established a record of success it was able to tap customary sources of capital such as banks. In 1982, the co-operative decided to renovate a second barn to provide more production and office space, at an estimated cost of £45,000. Loans were obtained from three sources: Parsonage Farm co-op loaned £11,000 at no interest, repayable in three annual installments; Barclays Bank loaned £8,000 at 2.5% over base rate; and the Council for Small Industries in Rural Areas (COSIRA), a government body created to promote redistribution of industry, loaned £15,000 for 18 years at 15% interest, secured by the property being improved. Measurement had no difficulty repaying these loans, although members in retrospect were irritated that COSIRA's supposedly subsidised loan was more expensive than one from Barclays or other commercial banks. In 1985, Measurement secured an additional £20,000 ten-year loan from Barclays to provide working capital for expansion.

The organised co-operative movement provided Measurement with little help: no loans, no business and very little relevant advice. Measurement sent representatives to meetings of the Cambridge

---

1 Ibid., pp. 110-11.

Co-operative Development Agency, but considered them poorly organised gabfests. Members found a fairly widespread if unstated bias against science and technology among most co-operatives.[1] Williams and Aitken were well informed about co-operatives when they started Measurement and the co-operative did not need much outside advice beyond what members picked up informally through attending the annual Co-op Fair and reading. Its success made it a model for other co-operatives, and Measurement came to receive regular requests for advice and financial help from other co-operatives.

C. Marketing and New Product Development

Because its basic market was circumscribed, composed chiefly of agricultrual research institutes and a few commercial laboratories, Measurement was fairly informal in its marketing efforts. It kept in touch with its principal customers at two to six conferences and trade shows each year, listening to customers' accounts of field performance, discussing possible improvements and observing competitors' products and other technical developments. Until 1983 Measurement refused to use sales agents in Britain or overseas. It judged the capacity of most agents to service products very poor, and was concerned that an intermediary would impede the responsive relationship it wanted to establish directly with customers. The sales potential of its products overseas, especially in the United States, convinced it to appoint local agents in the US, Scandinavia and Australia in 1983.[2] Over time the number of countries with agents increased, and so did the proportion of Measurement's export sales. More than 30 countries were buying Measurement equipment when field research was completed,

---

[1] Morrison interview, p. 7.

[2] Jeff Beatty interview, p. 9.

principally the US, China and Japan. Other marketing techniques included tours of laboratories in Britain and the US, press releases to technical journals announcing new products, securing identification in papers published by Nottingham University scientists as a manufacturer of instruments incorporating the scientific processes discussed, and distribution of Measurement's catalogue (more than 4000 in 1985).

The Monteith connection ensured that Measurement stayed abreast of important technical developments, but some valuable new product ideas came from other sources. Jeff Beatty was paid to spend half a day each week reading technical journals in Cambridge libraries. It was he who saw a television-based leaf area meter in a Cambridge laboratory and concluded that Measurement could develop it into a commercial success. 'We knew we had to make some new products to keep up to date', says Beatty. 'If we didn't, in a few years we would just stop selling'.[1] Measurement's area meter took two years and many thousands of pounds to develop, perhaps three times more time and money than originally estimated. It cost less than half of competing models, was more flexible and more accurate. An accessory device, a transparent conveyor able to position leaves in the meter for automated measurement, was also successful. The meter became the co-operative's best selling and most profitable item, providing in 1985 53% of sales and 60% of gross profit from 32% of the production hours.[2]

Measurement was able to obtain government funds to help its product development work. In 1983 it obtained a £3,000 grant to assess the market potential for a data logger, used to record output from distant stations over long periods and integrate them for later analysis.[3] As

---

[1] Ibid., p. 7.

[2] 1985 Members Report, p. 5.

[3] Ibid., p. 2.

development costs mounted for this device, Measurement obtained a further £9,000 from the Department of Industry (which sum, however, could have been claimed back by the Department had the product not been successfully marketed). By the end of 1985, over 5000 hours of development time had been invested in the logger, four times the original estimate; costs attributable to it stood at £70,000 minus the £12,000 Department of Industry grant, more than twice the initial estimate. 'Further significant costs were anticipated in 1986 before production would begin. However, it was felt that there was no alternative but to finish the project as quickly as possible, almost irrespective of the additional work and cost this would entail'.[1] The heavy investment in the logger paid off for Measurement, however, with sales in 1987 and 1988 reaching higher levels than anticipated.

Measurement has had few competitors. As Williams had hoped, its field was small, specialised and ill-suited to penetration from large companies. The main British competitor until 1983 was P&D Bellamy. As Jeff Beatty said, 'we don't object to competition but we don't like Bellamy', who was 'very much the stereotype of a business-minded shark'. He allegedly copied large parts of Measurement's porometer and then patented it, making it difficult for Measurement to introduce improvements. He refused to give Measurement the number of his patent (which turned out to be only a provisional application), although he was legally obliged to do so, and engaged in other 'underhanded' techniques.[2] Bellamy had quality and pricing problems and went out of business in 1982, leaving a small Scottish poromoter manufacturer and an American firm called Soladevice to compete with Measurement. In 1982, Soladevice representatives called on Measurement, apologised for copying its solarimeter design wholesale, and

---

[1] Ibid., p. 3.

[2] Jeff Beatty interview, p. 11.

offered to pay a five per cent royalty on all its past and future sales and mention Measurement's design of the device in Soladevice's catalogue.[1] The Soladevice royalty provided £9,200 in 1983 and £2,000 in 1984.

Because Measurement did not patent its products, Soladevice had no obligation to pay anything. Measurement recognised that few competitors would behave as honourably as Soladevice, but refused to patent its products because the cost of patenting and of defending an infringed patent would not be economic for a firm its size.[2] Measurement counted on its technical leadership to keep ahead of competitors. And even though Measurement did not offer promotion possibilities, individual bonuses or the other rewards typically thought essential to entrepreneurship, it still achieved technical excellence, apparently through the loyalty the co-operative engendered in its members. Jeff Beatty, the chief developer of the area meter, said that he pursued it because it was technically absorbing and because

> I knew that if I did it well, it would be a means for the whole co-op to survive and thrive for a few more years .... [Even though] design work is the most creative and fulfilling type of work and traditionally holds extra prestige and pay, we're trying to get away from all that. I don't think it is right to look for special praise for doing it; it is so interesting and fulfilling.[3]

Drawing on her work experience at Measurement, Sarah Travis said that co-operatives aided the entrepreneurial spirit 'by encouraging people to express their ideas, by keeping up with the state of the art, by not letting ideas get stale'. Working in a technical field with a moving frontier allowed

---

[1] Soladevice's owners were devout Christians and their consciences apparently bothered them. Unlike Soladevice and Bellamy, Measurement did not buy its competitors' products to 'reverse engineer' their good features. Its main methods of staying abreast of competitors were reading catalogues and attending trade shows. Jeff Beatty interview, p. 11.

[2] Ibid.

[3] Ibid., p. 2.

Measurement to present its members with regular opportunities to develop their creativity.

Despite its good record of new product development, Measurement recognised that future success might require changing its existing formula. There was always the possibility that the Monteith connection could rupture. The trend in scientific instruments was towards the use of microprocessors in the instruments to produce digitised readouts and of microcomputers to process the data collected. This trend raised the possibility of competition from larger electronics firms able to construct 'modular' instruments out of relatively standardised components. There was also an awareness among the membership that they had not fully exploited applications for their devices which arose outside of plant and environmental research, such as an enquiry from a bacon firm for a fat-measuring instrument.

Accordingly, members decided to devote more systematic attention to advertising, marketing and selection of sales agents. In 1985, as part of a more general reorganisation (discussed in Section 7.2 below) to increase efficiency in the face of membership growth, a sales and promotion department was created with its own budget, coordinated by Neale. Few members were enthused by the task of 'selling', which ran somewhat contrary to the co-operative ethos. In 1985 only five per cent of total hours were devoted to marketing; the marketing budget was scarcely utilised in the face of serious pressure from expanding production. The computerisation of the firm in 1983-85 permitted more effective distribution of catalogues and other product information, but this was only a small part of the improvement anticipated. Measurement's consistent record of 50% annual sales growth did not indicate any immediate need to enhance marketing, but a strong consensus existed in the co-operative during the period field research was conducted that it had to pursue new markets vigourously to preserve its

enviable market position.[1]

7.2 The Organisation of Decision-making

The main forum for decisionmaking was a mandatory weekly meeting on Thursday morning.[2] Unlike FP or Software Ltd where meetings and discord consumed large parts of the working day, Measurement's decision-making was harmonious and efficient, for five main reasons.

First, meetings were well-organised. The chair rotated among all members according to a posted schedule. Agenda items could be given to the chair until Wednesday noon; thereafter the chair drew up a written agenda with time estimates for each item, which was distributed Wednesday afternoon to remind members to prepare themselves. As a result, the weekly meetings usually took an hour and very seldom went longer than 90 minutes. Any member who missed the meeting through illness or travel was phoned with a summary. An interesting and successful technique used to cut time spent in group discussion was the '48-hour decision'. A proposal was placed on the central bulletin board; within 48 hours each member signed 'yes', 'no' or 'discussion requested'.[3] This technique, employed on average once a fortnight, permitted Measurement to make quick decisions on relatively small matters.

The second reason for Measurement's smooth decision-making was good informal communication. Unlike FP, all workers were in regular close

---

[1] Travis interview, p. 4.

[2] Ann Yates and Fred Untermeyer both worked half-time to allow one of them to look after their child; on Thursday mornings the co-operative paid Charles Neale's wife to babysit so both Yates and Untermeyer could attend the meeting.

[3] Examples: a proposal that all letter inquiries be acknowledged immediately; a request for a loan from a building co-operative which needed the money the next day to secure a contract; a proposal to buy a used van.

contact at a single site. A notice pole in the centre of the middle room contained the schedule of meetings, 48-hour decision proposals, notes on the progress of particular instruments, competitors' flyers, leaflets from symposia, accounts by members of marketing trips and other general information. Members regularly read it. They talked with each other during production tasks, coffee breaks and other times about firm business. Job rotation promoted familiarity with a wide range of production problems. In addition, several members lived at Parsonage Farm and socialised regularly outside of work.

The third reason for the relative ease of Measurement's decision-making was a general acceptance of an implicit hierarchy of influence. Each member had an equal voice, and the commitment to deciding matters by consensus whenever possible was genuine, but the special expertise of Williams in making recommendations for long-term strategy, and of Williams, Jeff Beatty, Neale and Untermeyer in determining what products should be developed, was accepted by the other members.[1] Some women workers expressed frustration at not being able to contribute to design work (discussed in Section 7.3 below), but that did not fester into bitterness or distrust of those who had such expertise. Morrison observes:

> There are people who have a lot more experience and know-how than others and this breeds its own hierarchy. A good example of this syndrome is the decision as to what instruments to develop next. This is not really brought up at meetings because there are only one or two people who know what is and isn't viable. If you are prepared to equip yourself with the knowledge to question or make that decision, you will be allowed and encouraged to do so.[2]

It can be argued that domination of certain kinds of decisions by an informal elite means that Measurement was not truly democratic. However, as we

---

1 Williams himself noted that meetings tend to be dominated by a few voices, mostly male. Williams interview, p. 13.

2 Morrison interview, p. 2.

shall see below, Measurement adopted greater formality in its decision-making (such as subcommittees, task forces, and other forms of delegation) to counteract the tendency of expertise to concentrate among a self-selecting few.[1]

Fourth, many of Measurement's members had a background in co-operatives and thus greater sophistication in defusing personal tensions and solving organisational problems. Williams, the Beattys, Morrison, Topping and Untermeyer -- approximately half of the members in 1983 -- had either worked in co-operatives or studied them before coming to Measurement. Differences between members never reached the level of bitter divisiveness evident at Software Ltd or FP.[2] The maturity of the members was high, and they consciously tried to talk openly and calmly about firm problems. One member observed:

> I think you have to be a different type of person to work in a co-operative. You can't be too bossy, but you have got to hold your own as well. You rely on everyone so much, you really have to be able to trust people and depend on them. You must be able to all pull together.[3]

---

[1] See Cornforth et al., pp. 140-46, for a discussion of how different types and sizes of co-operatives have struggled with the transition from a small 'collectivist' structure, where everyone participates in all decisions, to more complex structures where subgroups, either formal or informal, make certain decisions for the firm.

[2] There were times when Measurement might have disintegrated in acrimony and mutual recrimination: the Williams-Aitken split is one example. Another unhealthy and ultimately insoluble tension arose over the work of Laura Worth, an Oxford graduate in English who came to Measurement via temporary construction work on the roof of Parsonage Farm. She did not enjoy assembly work (she disparaged it as 'soldering bits to other bits'), resented the domination of design work by men, was frequently frustrated and sick and did not perform up to necessary quality standards despite her acknowledged intelligence. Personal tensions also arose after Untermeyer left a relationship with Worth to become romantically involved and have a child with Ann Yates, who like Worth lived at Parsonage Farm and worked at Measurement (and was also Cynthia Beatty's sister). After the co-operative voted at a meeting (which Worth did not know about) to remove her as production co-ordinator for a particular instrument, she resigned feeling she had been made a scapegoat. Pelling interview, p. 13; Worth interview, p. 3.

[3] Travis interview, p. 3.

Another worker said: 'In our group, everything is always shifting and you have to be teacher one day to one person while the next day they are teacher to you. I think this needs more social skills than in a conventional firm'[1].

The fifth reason why Measurement did not fall prey to the dissension common in co-operatives was the quality of its leadership. Williams' commitment to a democratic firm was deep, and he managed to spread decision-making authority without expecting his fellow members to be eternally grateful or himself resenting his loss of control. His influence was important in inducing the former partners to give much of their deferred earnings to the co-operative to fuel its growth. At the same time, Williams continued to perform the vital function, often absent in co-operatives, of 'thinking strategically' about the future.[2] In Ropo's typology discussed in Chapter 3, Williams was on a 'proactive' leadership track, good at assessing environmental challenges and in persuading his organisation to take steps in response to his assessments. Williams said he did not want to call Measurement a 'success' because

> that is a terrible fossilization. It is an ongoing entity, isn't it? It is always the journey, you are always looking ahead to identify and head towards the next goals and field off the next difficulties.[3]

He successfully made the transition from 'founding' leader to 'symbolic' and 'facilitative' leader. And others grew into important leadership roles: mediating conflict, suggesting new product ideas and productivity

---

1 Jeff Beatty interview, p. 1.

2 'Charles really monitors the performance of the firm, perhaps every three or six months. He is always extrapolating trends and trying to figure patterns for the future. He is always on top of things'. Travis interview, p. 3. This strategic function has also been called 'management for change'. Cornforth et al., p. 137.

3 Williams interview, p. 14.

improvements. Jeff Beatty, for instance, was a 'superb mediator,' 'very good at being quite open on disagreements in the co-op' and helping others confront and defuse their unstated animosities before they became destructive.[1]

The greatest challenge to Measurement's decision-making processes was its own growth. Sales grew steadily at an average of 50% each year between 1982 and 1987, reaching £192,000 in 1983, £297,000 in 1984, £451,000 in 1985, approximately £550,000 in 1986 and £650,000 in 1987. Sharp growth required hiring new members; the increased numbers strained Measurement's informal decision-making structure. In 1983 members agreed that they had reached the natural limit for a healthy co-operative at about 13 members, and predicted that further growth would lead to fission into smaller production groups, perhaps with a common marketing and administrative arm.[2] There was considerable worry that growth would lead to loss of friendliness and cohesion and increased factionalism. By 1987, however, membership had reached 21 with no spinoffs, demonstrating that the decision-making structure could successfully support a larger workforce.

Not surprisingly, Measurement resorted to delegating certain tasks to subgroups in its quest to balance group coherence with efficiency. In 1982 the members agreed to entrust more decisions (such as what computer system to purchase) to committees of three members, who would then report their conclusions to the whole co-operative (which almost always accepted them). Expert members of these committees continued to have unequal influence, but the opportunity for less expert workers to become informed, at least in

---

1 Ibid., p. 13.

2 Ibid., pp. 12-13; Jeff Beatty interview, p. 5; Neale interview, p. 6; Untermeyer interview, p. 3.

the areas covered by their committees, was greater.[1] In addition, while the co-operative continued to strive for consensus decision-making, a rule was adopted in 1982 whereby any vote would be implemented as long as no more than two members dissented. This reform grew out of frustration over the time and effort devoted to hiring some new members in the face of strong objections to each candidate by one or two members.[2] Most decisions continued to be made by consensus, but this rule guarded against immobilization by vocal minorities, a danger which expands with growth and which has undermined many otherwise successful co-operatives.[3]

In 1985, continued growth led to an extension of the committee system. Meetings were becoming too lengthy and cumbersome. An outside consultant with experience in co-operatives was hired to conduct a two-day review during which all members studied the decision-making structure. After much discussion, it was agreed to form four departments -- production, development, sales and promotion, and accounts and finance -- which would meet as necessary. Representatives from each department would meet every two weeks, leaving the third week for a general meeting. In addition,

---

[1] One member said about the use of committees: 'It is a bit much for everyone to feel that they have to be involved in every aspect of the co-op. If the decision is not that drastic, there is no reason why everyone should be involved in it. It is a relief not to have to make every decision, like where to put the steps coming out of the patio'. Topping interview, p. 4.

[2] Williams was the chief instigator of the change; he feared 'the tyranny of the minority of one, which means that everything is weighted in favour of no change'. Williams interview, p. 11. Other members disagreed with Williams that Measurement was tending towards 'least common denominator' decisions to preserve consensus. While willing to go along with his 'three-person veto', they felt he was reacting somewhat petulantly to his colleagues' rejection of his favourite candidate for employment. Untermeyer interview, p. 4; Morrison interview, p. 2.

[3] See Cornforth et al., pp. 139-42, for examples of co-operatives paralysed by their reluctance to add structure to their original collectivist decisionmaking system. 'Two major costs of direct democracy in organisations are the inability to make decisions quickly and the transaction costs associated with wide information dispersal'. Ibid., p. 140, quoting Michels.

co-ordinators were appointed in each department (except finance, which was too small to need one) to make sure that details were not forgotten and agendas were well-organised.[1] The new system represented an effective compromise between democratic ideology, which would favour consensus decision-making at all times, and the need to make decisions efficiently and with expertise. As members contemplated further growth, they considered other innovations to preserve harmony and effectiveness. One suggestion was a comprehensive 'review meeting' every six months at which members could step back and think about how the whole system was working, and vent deep-seated feelings about each other which were difficult to voice in the context of daily production.[2] Another idea was hiring a 'house counsellor', a professional who would come in periodically to solve problems between individuals or groups. 'The danger when you go to your neighbour to grouse about somebody else is that you just have a mutual reinforcement session which makes you feel good at the other person's expense'.[3] A more formal system of employee evaluations was also contemplated. Although no serious manifestation of this problem had arisen so far, members knew it was easier to let inadequate work go unchallenged than confront the person responsible. In addition, since there was no single boss, unusually good work was sometimes unrecognised.[4] A regular process of collecting and sharing

---

1 1985 Members Report, p. 2.

2 This is similar to the strong endorsement of Cornforth et al. for periodic self-audits by co-operatives. 'Such an audit would not be purely financial, but would cover internal social objectives (individual and sectional interests), business objectives ('managerial interpretation' of the co-operative's overall interest) and external social objectives (collective interests in pursuing social or political goals outside the co-operative, as well as the workings of the co-operative as a democratic organisation'. Cornforth et al., p. 170.

3 Williams interview, p. 13.

4 Cornforth et al. have also come to this conclusion, noting that 'one negative consequence of the lack of supervisory hierarchy is that in a co-operative no one pats you on the back!' Page 171.

comments on work performance might be required to ensure an efficient and relatively non-confrontational method of monitoring and improving work performance in a larger group.

7.3 Worker Satisfaction

Enthusiasm for work at Measurement was uniformly high. Members enjoyed the work, the way work life was structured, their compensation and each other.

Different members cited different qualities in describing what they liked about it. Jeff Beatty was grateful for the opportunity to do interesting design work in a relaxed, non-competitive environment. His main complaint was that his work 'is too absorbing .... I often lie in bed reading Measurement related stuff and thinking about it .... And on a personal level, I work with all the people I live with'.[1] Williams enjoyed seeing his brainchild mature: Measurement's products had won a good market reputation, its decision-making structure had grown more complex without snuffing a sense of democratic involvement, and it had become the second largest employer in its village.[2] Morrison, a physics graduate who had been working as a builder, liked the chance to do scientific work in a small institution which left him ample time for other interests.[3]

7.3.1 Measurement as an Employer of Women

The part-time workers, mostly women, emphasised three attributes they especially liked about Measurement: job rotation, which exposed them to new skills and fostered self-confidence; the chance to run meetings, voice

---

1 Jeff Beatty interview, p. 6

2 Williams interview, p. 11.

3 Morrison interview, pp. 2, 3.

opinions and generally exercise their intelligence at work, with similar benefits for self-confidence; and flexible hours, which allowed them to fulfill domestic responsibilities.

Job rotation was especially important to Betty Pelling, who had been refused the opportunity to work in a scientific instrument-maker's machine shop as a work-study student in her twenties because she was female. 'One of the things I have found marvelous about Measurement is that I have learned to use the lathe. I really love it'.[1] She believed that the range of work experience she gained from working at Measurement had 'given me a lot of confidence .... If you had seen me when I first joined that place, you'd see a big difference. I am a very different person. I feel that I have a place in the world'.[2] Travis expresses similar thoughts: 'Although I am often tempted to say "I could never do that" [work on the machine tools], I am often amazed at what I can do. The same is true for business skills'.[3] Jane Simpson, a work-study student from the local polytechnic, was repeatedly stretched by her Measurement responsibilities and was the envy of her fellow students who had less challenging jobs in big companies. Within four months she had learned to make radiometers, do the monthly accounts, place orders and give price quotes, and chaired several of the weekly meetings. Her experience demonstrates Measurement's commitment to extending members' skills; the loyalty and enthusiasm she demonstrated in return was typical:

> From the beginning everyone was very nice, no one was condescending, they all welcomed me and taught me .... I can't believe how much I've learned. There are instruction manuals prepared on how to do everything, so you can't go wrong very easily. And if you don't understand something, there's always somebody there to help you. I can't imagine learning more

---

[1] Pelling interview, p. 13.

[2] Ibid., pp. 6, 12.

[3] Travis interview, p. 4.

anywhere else. I'm very, very happy with it.[1]

Pauline Topping, employed 20 hours per week to do mostly clerical and production tasks, at first wanted to accept a lower pay rate because she lacked scientific qualifications. She too became a strong convert to co-operatives because her skills and confidence grew at Measurement.

> I was quite surprised that there was very strong feeling opposing [lower wages for me]. The idea of Measurement is that it works for everyone and everyone helps Measurement work. We bring to it our own 'quality', if you like, and not necessarily a qualification which is slightly different .... In a co-op, everyone is very close. You affect each other much more [than in a traditional company]. Your opinion is considered much more seriously. Thus you feel much more responsibility. You feel that you are really contributing. I think that co-ops don't just provide a better working alternative to the conventional setup, they produce better people.
>
> . . . .
>
> It is difficult for any woman to get work once she has a family and I think I am incredibly lucky. Working at Delta has made a big difference in my life. [2]

All the part-time women workers had family responsibilities of some sort, usually small children. Pelling said that flexible hours 'are something that women have to have'.[3] Simpson said that Measurement 'is absolutely fabulous for [Topping] and [Pelling], because they take time off when their kids are out of school and ... can phone up and say "I'm sorry, but my child is ill this morning"'.[4] Jeff Beatty believes that Measurement is

> good for reintegrating women into the workforce. They can work part-time hours and no one is on their back if they have sick kids. There is a great shortage of this kind of work in Britain .... People in co-ops seem to understand more readily that those who work flexi-hours can be as efficient as 9 to 5 employees. People working flexi-hours don't sit around at 3:00

---

1 Yates interview, p. 2.

2 Topping interview, pp. 2, 7.

3 Pelling interview, p. 39.

4 Yates interview, p. 5.

> drinking tea, wondering what they are going to do for the rest of the day.[1]

He too believed that working at Measurement had 'fundamentally affected my life'.[2]

While Measurement offered mothers an opportunity to return to the workforce and created an environment which encouraged women to acquire technical skills, it did not fully integrate them into the co-operative's production process or hierarchy of influence. Men made the most important decisions and controlled the design work, which was the most intellectually challenging and highly valued work. The membership wanted to alter this situation, but did not succeed.

Two main factors contributed to the persistence of the gap between men's and women's work. First, women themselves doubted their technical abilities. As discussed in Chapter Four, this is a common reaction to low social expectations and education which reinforces them. One female member said that none of the women members had 'the skills or aptitude' to do design work.[3] Another observed that her confidence in her abilities was low: 'I always think that I can't do anything. Charles is always cross with me about that ... so I've learned not to [deprecate myself] so much'.[4]

Second, Measurement was not able to attract technically qualified women. In response to a 1983 job advertisement, 28 applicants were given serious consideration. Only five were women, and not one of the five had a strong technical background. If Measurement wanted to implement its commitment to gender equality, it would either have to make a concerted

---

1 Jeff Beatty interview, p. 6.

2 Ibid., p. 8.

3 Cynthia Beatty interview, p. 7.

4 Pelling interview, p. 3.

effort to recruit technically qualified women, or subsidise advanced training for existing workers.

7.3.2 Compensation

The final source of members' enthusiasm for Measurement was its high pay. Every member made the same hourly rate, £5 in 1983, £6.25 in 1987. (Temporary labourers hired to do construction or cleaning were paid approximately one-quarter less, but their take-home pay was about the same because of higher National Insurance rates for the co-op's full-time employees.) Unlike the Computercraft workers who found £4.50/hour insufficient working at least 40 hours weekly in London, almost every Measurement member felt adequately compensated, even those for whom 40-hour weeks were rare. For part-time workers the wage was significantly higher than other jobs in the area. Housing costs were relatively low in their village, especially so for those who lived at Parsonage Farm. Jeff Beatty said that the wage rates allowed him 'to save and take an exotic holiday each year',[1] which was fairly typical. The co-operative did not pay wages during members' holidays; it gave half-pay for attending conferences, travel and other 'fun' work. Job benefits included a pension scheme started in 1983, access to a Measurement car for personal use (including long holiday trips),[2] a part-time creche, and an annual bonus equaling eight to ten per cent of annual wages. The impetus for wage increases came mainly from Charles Neale, who lived in his own house and whose wife was looking after their children full-time. He would suggest each year an increase based on inflation and his own domestic budget. 'We usually end up agreeing with his

---

1 Jeff Beatty interview, p. 7.

2 Neale said this benefit was very important; he would be 'instantly insolvent' if he had to run his own car. Neale interview, p. 2.

ideas, some more enthusiastically than others. We all get the new rate, even when a lot of us know that we don't need or deserve a pay raise or are just as happy to leave the money in the business'.[1] Members with good technical qualifications and design experience could have earned more in private industry, but the co-operative had compensating advantages which they found adequate.

Although Williams strongly insisted upon equal wages for everyone, he had ambivalence about this approach. The deferred earnings accounts he created during Measurement's partnership phase to compensate for his early contributions stopped accumulating funds when Measurement stopped paying substandard wages. Accordingly he received the same wage rate as newcomers who were contributing less to the business than he did, which bothered him despite his commitment to democracy. He predicted that two or three wage rates might be used in the future. He also expressed frustration that the co-operative movement dogmatically insists upon compensating workers with wages only, requiring that they leave behind all assets even if their work has sharply increased the co-operative's value.

> Is that quite fair? That benefits the people who stay in the co-operative but not the person who goes, unless he or she is able to go to another co-operative that is equally affluent. This is a little of that strain of self-abnegation Christianity [which hurts] the co-operative movement. Whenever you talk to someone in the co-operative movement about this they either quickly tell you that it is fair that a person should receive no more than their wages or pretend not to understand the problem .... I feel I am doing fairly well for myself at the present time; I have a little more money than I think I need, which is the right amount. At the same time I wonder whether I am being a mug, and depending on whether the sun is shining or

---

[1] Jeff Beatty interview, p. 7.

not I think one thing or the other.[1]

Williams considered one scheme whereby members would accumulate loan certificates from Measurement each year entitling them to a future withdrawal. In the meantime the co-operative would keep the money to invest in the business. The main problem with this scheme was the danger of draining too much cash from the firm if many people should want to withdraw their funds at once, but legal safeguards could be designed to handle that problem.[2] There are other ways to compensate members over the long term aside from direct wage payments: for example, a pension scheme with high Measurement contributions, as was instituted in 1983.

Neale, who like Williams was one of Measurement's more skilled members, would have liked to see some pay differential based on skills, long-term commitment and need, with a ratio between lowest and highest compensation of 1 to 1.5 or 2 (compared with 1 to 20 or 50 in typical private industry). He also suggested distributing 25% of each year's profits to members, allowing them to reinvest them in Measurement, if they wished, for an adequate rate of return.[3] Tension over wages posed an interesting problem for Measurement as a co-operative. The highly skilled workers who could earn more money outside Measurement were a minority and could not force pay differentials on the other members. At the same time, the sense of

---

1 Williams interview, p. 15. Cornforth et al. have suggested somewhat delicately that co-operatives might pay their leaders extra, to compensate for the 'long hours and increased responsibilities with the associated problems of increased stress and occasionally "burn-out". . . .Co-operatives [need] to develop a culture where good leadership and initiative are rewarded at least through recognition and support, if not financially'. Cornforth et al., p. 148.

2 If the co-operative is successful, it could also borrow the funds needed to make an unusually high payout of members' loans.

3 Neale interview, p. 3.

mutual involvement at Measurement was such that the part-time workers might have supported paying the skilled workers more if asked to do so.

It was clear that the single-rate pay system could not easily be dislodged. The skilled workers felt adequately paid, and also believed that the one-tier system promoted equality, to which they were strongly committed, as well as loyalty, productivity and happy working relationships. The 'safety net' of traditional employment was always present if higher wages became a higher priority; and there was also the possibility of building differentials into other forms of compensation, for example one to recognise members' long-term contributions to growth of the firm's equity.

7.3.3 Hiring

As with FP and Software Ltd, the process of choosing new members for Measurement was given great time and care. Members wanted to preserve the high cohesion, mutual trust and relaxed atmosphere of the co-operative, as well as expand its technical skills. Finding people with the right combination of personal and technical skills was hard. When the co-operative was small, recruitment was through personal contacts and word of mouth. As Measurement grew the hiring process became more formal. When two openings arose in 1983, for example, advertisements were placed in the New Scientist, Guardian and Cambridge Evening News seeking an 'adaptable, skilled worker good at organising her/himself within a co-operative framework. Technical or business skills preferred'. Each member read all the replies and created a short list, based on a combination of interest in co-operatives, technical skills and absence of overt sexism. Short-listed candidates were invited to visit for an afternoon, 'to talk to the people working here and look around the place'.[1] Jeff Beatty summarises

---

[1] Travis interview, p. 3.

what qualities Measurement was hoping to find:

> The specific qualities the firm looks for in hiring is that the person fits in socially with us and that he or she can work with us. Sometimes we may be looking for specific technical skills, business skills or electronics skills. We would definitely have given priority to those people if they had fit in socially. There were applicants who were very skilled, but people in the co-op felt they couldn't work with them. We look for enthusiasm for the co-op and enthusiasm to learn the skills necessary in and for the co-op.[1]

The two workers selected, Sarah Travis and Alan Morrison, were chosen unanimously.[2] Morrison was a physics graduate but aside from teaching secondary school for three years had done little work related to scientific instrument manufacture. Travis did not have a background in engineering or business. She felt that Measurement wanted

> someone who has got a brain and who will take on responsibility and work for themselves, who they can trust and who they can get along with .... They really wanted someone who would fit into the system here rather than someone who was particularly good at one or another particular thing, [although] it would have been an added bonus if an applicant could have gone immediately into designing new instruments.[3]

New workers were given a month's probationary period and assigned an 'auntie' to explain how the co-operative works and answer questions. After the month the worker paid one pound and became a full-fledged member.

Measurement may need to place more emphasis on technical skills in at least some of its future recruitment as its products become increasingly microprocessor-based. And while women working at Measurement were enthusiastic about the opportunities it provided, the division between male

---

[1] Jeff Beatty interview, p. 1.

[2] Measurement had tried to find a single new member in 1982, which proved highly divisive. Williams endorsed a candidate whom he thought was technically clever. Other members disagreed. The candidate had also offended people by sexist remarks. It was politically easier in 1983 to hire two members at once, because members did not have to have the same favourite candidate.

[3] Travis interview, p. 2.

designers and women assemblers was pronounced, which can be overcome only by hiring technically qualified women, subsidising outside training for existing members or both.

7.3.4 Political Expression

Measurement was not a 'party political' firm. Few members were likely to vote Conservative, but neither was there strong identification with the Labour Party. The subject of joining a trade union never arose at a firm meeting. If anything, members were enthusiasts for decentralisation of power, 'small is beautiful', and might have favoured the Green Party. A 'hatred of hierarchical structures' and a belief that 'people should be encouraged to make as many decisions as possible in their own lives and be held responsible for everything they do' is a principle most members would have shared, but they might also have agreed that this was not 'a very coherent political stance'.[1] Nevertheless, Measurement's members did express their politics through their work, and not only in the internal organisation of the co-operative. They tried to conduct their dealings with the external world in a way which was broadly consistent with their commitment to internal democracy and individual responsibility. The most significant expressions of this philosophy, distinguishing Measurement from traditional firms, were the 'Socially Useful Fund', to which members contributed about 20% of net profits after taxation (£9,500 in 1984 on profits of £36,259, £10,000 in 1985 on net profits of £43,000) for distribution to good causes, and a policy, prominently displayed on Measurement's price list, that 'as a matter of conscience we will not knowingly sell our instruments to people or institutions engaged in military work or closely linked to an oppressive regime'.

---

1 Untermeyer interview, p. 5.

In the early days of the Socially Useful Fund the contributions went mostly to large national charities such as Oxfam, but as the co-operative became more established and accumulated more funds to donate, it shifted its focus to smaller-scale causes: helping build a community swimming pool in the village,[1] aiding other co-operatives with loans or grants, paying the university tuition of a black South African exile or helping a single-parent family in Cambridge with its bills. Members discussed where the money should go, but each had the right to allocate a certain share independently. In 1985 Measurement made 51 grants, averaging slightly less than £200 each.

The 'no trading' policy cost Measurement revenues and occasionally generated great controversy. The primary purpose of this policy was to encourage others with whom Measurement came in contact to evaluate their own political positions as well as the positions of their governments. The ethical dilemmas of choosing who was unworthy to buy were perplexing, especially since Measurement sold to many foreign countries and to institutions within those countries (e.g., government-financed agricultural research institutes) whose links to any oppressive policies of their governments were difficult to assess. Measurement recognised that it could err and that its capacity to influence customers was limited. Nevertheless the members were seriously committed to refusing to sell to customers whose values were in some sense unacceptable. With South Africa, for example, Measurement recognised that its instruments might be used to increase agricultural output and thus benefit malnourished blacks. At the same time, it did not want to support apartheid. Its solution was to sell to South African institutions if representatives of those institutions disassociated themselves from apartheid. Morrison explains:

---

1 To sustain good relations with people in the village, Measurement also held an annual Open Day to which all village residents were invited.

> Some people sign these statements and others get angry. If people don't want to sign them, we don't do business with them. We have lost orders for this reason. We can't afford to send people out there to check out [their politics], so we ask them to sign these declarations. It is the best we think we can do to advance social change. We have to accept that ultimately we don't have that much influence anyway.[1]

Difficulties arose with Measurement's sales agency in South Africa because the agency did not understand that not only it but all its customers for Measurement products were expected to sign the anti-apartheid declaration. The agent was 'coloured', so Measurement felt somewhat awkward about second-guessing him, but after supplying one batch of instruments to customers who had not been asked to sign the declaration, insisted that the agent obtain the declaration from all future customers. South Africa was not a large market for Measurement, but easily would have been larger if the co-operative had not taken its politics seriously. Another sale lost through the no-trading policy was an order from the British American Tobacco Company, which never replied to Measurement's letter asking how the products grown with the aid of Measurement instruments would be socially useful. In general, Measurement was willing to trust its customers' representations: for example, it sold instruments to the Atomic Energy Research Establishment after being assured that their instruments would not have military applications. 'There comes a stage when you just have to trust people; we cannot police purchasers of our product'.[2]

The most difficult application of the no-trading policy was with Israel. In 1978 Measurement, concerned about Israeli attacks against Palestinian terrorists and Lebanese in Lebanon, responded to an order from the Volcani Institute, a state-financed agricultural research centre, with the following letter signed by each member:

---

[1] Morrison interview, p. 5.

[2] Jeff Beatty interview, p. 10.

> We were very upset by the unnecessarily vicious level of recent reprisals taken by the Israeli Armed Forces against Palestinian terrorists and the Lebanese. In the context of the extremely aggressive stance taken by Israel during the past few years, these most recent atrocities have made us decide to sell our instruments to institutions in Israel only on condition that those responsible for their purchase should send us a written statement disassociating themselves completely from these latest attacks and the underlying aggressive attitude of the Israeli Government.[1]

This demand set the groundwork for a dispute which continued for five years. Measurement received many acrimonious letters from staff at the Volcani Institute and the Hebrew University of Jerusalem. The responses contended that Measurement had formed its view out of 'ignorance', 'emotional rather than rational' assessment, and in support of the Arab boycott of Israel. One respondent characterised the attempt to condition sale of a product on a written disclaimer of government policy as 'blackmail'.[2] The Volcani Institute cancelled its order and the Hebrew University of Jerusalem refused to do further business with Measurement, assuring its members that the 'lack of competence' evidenced by its immature political attitude would be conveyed to the scientific community.

Measurement then wrote a longer and more conciliatory letter, recognising that the tone of its first letter was unnecessarily provocative. It explained its refusal to sell in more detail: 'We fear that our instruments may aid high technology agriculture in the occupied lands, furthering the colonization of these areas by Israel, and lessening the chance of their return to the original residents'.[3] Nevertheless, Israeli officials contacted Professor Monteith to complain about Measurement, and Monteith wrote Measurement a long and friendly letter which also said that he considered its

---

1 Letter from Measurement to Dr. D. Levy, Volcani Institute (21 Mar. 1978).

2 Letters of Yoash Vaadia (2 Apr. 1978); Marcel Fuchs (4 Apr. 1978); Dov Keller (11 Apr. 1978).

3 Letter from Measurement to Yoash Vaadia (13 Apr. 1978).

refusal to sell to Volcani a breach of its contract with the University requiring it to 'use all reasonable endeavors to promote and extend the use and sale of all products'.[1] Monteith also predicted that Measurement's criticism was likely to spur the Israelis to take a more belligerent stand than they felt. Measurement then wrote a much longer and more conciliatory letter to its Israeli critics, saying it would fulfill any further orders from Volcani and explaining its views on Israeli politics more completely, which produced a series of more reasonable replies from staff at the Volcani Institute.

When Measurement received an order from the Hebrew University of Jerusalem in 1982, shortly after the Israeli invasion of Lebanon, it accepted the order but wrote a letter summarising the dispute with the Volcani Institute and saying that Measurement's workers still considered Israeli military actions disproportionate to provocations from the Palestinians. At the same time it attempted to avoid the one-sidedness which had sparked so much anger in 1978:

> We wish to support the Israeli State in having secure borders, and we condemn Arab terrorism. We have no easy answers and cannot pretend to put ourselves in your unenviable position.
>
> Our aim is to support and encourage more Israelis to work for peace and our concern is that military 'successes' like the recent one are not only immoral but may eventually rebound horribly on Israel, the Middle East or even the world.
>
> We hope that through the strength of its democracy Israel can turn to a peaceful path -- and that your neighbouring countries will allow this![2]

Nevertheless the Israeli reaction was outraged, questioning the moral right of Britons to question Israel given the Falklands War and British 'occupation' of

---

1 Letter from Monteith to Williams (14 Apr. 1978).

2 Letter from Williams on behalf of Measurement to Hebrew University of Jerusalem (24 Sept. 1982).

Northern Ireland.[1] Measurement decided not to answer some of these letters on the grounds that 'to dispute them point by point would probably only reinforce each side's opinions'.[2] After a face-to-face meeting during a biological conference at which Measurement members and Hebrew University faculty had a calm and productive conversation on the subject, relations between Measurement and Israeli scientists became more normal.

Measurement learned from these disputes that Monteith was basically correct about the results of criticising customers: 'We had attempted to influence the Israelis in the direction of less aggression but yet had stimulated an extremely aggressive, patriotic and nationalistic response'.[3] One Israeli scientist wrote Monteith after the 1983 conflict: 'It has been a strange experience to find myself writing letters in defense of Israeli policy at a time when if I could send our present government to the moon I'd gladly do so. It must be the tribal defense instinct when attacked'.[4] Despite the difficulties of implementing the no-trading policy in a constructive fashion, Measurement remained committed to it. And the commercial effect of the no-trading policy was not always negative: Jeff Beatty said that 'some people are real enthusiasts for us and it is partly because we take the stands that we do'.[5]

Measurement's members recognised the limits and sometimes the ironies of trying to express politics through their work. While targets of the no-trading policy sometimes reacted in ways contrary to what Measurement intended, the co-operative continued to engage its customers in dialogue

---

1 Letter from J. Gale to T. Bragg (21 Nov. 1982).

2 Letter from Williams on behalf of Measurement to J. Gale (5 May 1983).

3 Williams letter (nd, c. 1983).

4 Letter from J. Gale to Monteith (14 Feb. 1983).

5 Jeff Beatty interview, p. 10.

which, on balance, appeared constructive. Of course Measurement's profitability allowed it to lose customers without great pain, but the commitment to making products which are 'socially productive' was sufficiently deep that the co-operative would probably have had to be in extremis before it relented.

7.4 Financial Analysis

Analysis of Measurement's financial statements from 1971 through 1985 confirms that the co-operative had unusual financial strength.

Measurement's sales grew at an average of 50% each year between 1971 and 1985, when they reached £451,000 (see Table 7.1). Earnings grew an average of 38% annually. Profit margins (earnings divided by sales) averaged 31% each year. These ratios far exceeded comparable figures for British public companies. While profit margins were dropping towards the end of the period, this is typical of small companies that first experience 'supergrowth' and then reach some measure of maturity in their markets. In 1985, the profit margin was still 14%, a very healthy figure.

As discussed above, Measurement managed its debt very effectively, turning to bank loans only after internal finance (the deferred partnership accounts and general reserve) had grown to a healthy level. Internally generated savings and cash flow were sufficient to finance the co-operative's growth through 1982, and external borrowing represented only a small part of investment thereafter. In 1985, the ratio of Measurement's external debt to the investment of its members in the firm was 0.2, a tiny amount compared to most companies.

Measurement's policy of low inventories, discussed above, also proved to be a good choice despite the long delivery times it helped create. The firm's ratio of annual sales to inventory was consistently high, double that of public companies generally.

MEASUREMENT LTD.

Table 7.1

Selected financial information

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Total Sales (pounds)	0	444	1813	4451	20,230	26,988	42,572	63,260	99,837	74,358	102,740	75,967	191,761	297,226	450,947
Earnings after Tax (pounds)	(878)	(485)	835	1552	8344	10,825	18,830	17,743	27,808	15,612	28,870	10,316	31,579	40,190	42,459
Earnings/Sales (percent) (profit margin)	--	-109	46	35	41	40	44	29	32	26	34	23	17	17	14
External Debt	960	2825	5432	8698	8277	7595	6402	6621	6288	2355	2740	5000	37,382	37,465	35,679

The consistent strength of Measurement's balance sheet meant that commercial banks considered it a good risk, it could afford costly development of new products and to pay members well. This positioned the co-operative well for further growth.

7.5 Conclusion

Measurement is a testament to the proposition that nothing succeeds like success. It established a 'virtuous circle' of financial stability, technical leadership and worker satisfaction. Unlike Family Planning Ltd, constrained by a permanent fiscal crisis which sapped its members of creativity and impeded its leadership from addressing fundamental issues, Measurement comfortably led its field and, especially given Williams' talent at 'management for change', anticipated market challenges efficiently. Profitability provided a vital cushion. It allowed members to pay themselves a satisfactory wage, fund the co-operative's expansion, contribute to the Socially Useful Fund and attract bank loans and qualified newcomers alike.

The most important ingredient in Measurement's success is one overlooked by many co-operatives: Williams' initial choice, and the co-operative's intelligent exploitation, of an excellent market niche. Measurement's products were well-suited to small-scale production with job sharing, and were sufficiently specialised that large companies stayed away. As Morrison said, 'I don't think that being a co-op guarantees success or failure; it's just a form of organising a business. Success and failure are much more dependent on the nature of whatever service or product you are selling'.[1] Many co-operatives with roots in the 'alternative left' have

---

1 Morrison interview, p. 2. One of the most successful co-operatives studied by Cornforth et al., the wholefoods wholesaler Suma which employed 35 members to generate a £4m turnover in 1985, attributed much of its success to being 'in the right place at the right time': the wholefoods market in Britain was sharply expanding in that period. Cornforth et al., p. 79.

missed that essential lesson, gravitating, as Williams describes it, towards 'hippie' occupations: cafes, crafts, and other frequently marginal economic activities which express the members' hostility towards capitalism. Measurement's attitude towards commercial success was more sophisticated, welcoming profit as an indicator of meeting customers' needs. At the same time, it sought steady growth, not a 'quick killing', which has contributed to its stability. For example, the initial partners decided to contribute much of their deferred compensation to the co-operative's reserves rather than pay themselves high wages. One member said that she did not think the co-operative would double its prices even if it could do so without complaints from customers; 'we price them so we can pay ourselves reasonably and make a reasonable profit'.[1] Measurement aims to thrive over the long haul. This appears to be a highly adaptive approach, permitting Measurement (unlike FP, which aimed basically to survive rather than thrive) to root itself deeply in its field and provide members with an attractive work life.

There is no doubt that the co-operative form itself helped Measurement. The members were enthusiastic about working conditions, about job-sharing, about being able to speak their minds and influence the co-operative's future. Their loyalty and commitment to the firm were striking. Their dominant attitude towards the co-operative, especially among the part-time workers, was gratitude; this produced an expansive, generous outlook towards the co-operative which was reflected in harmonious working relationships and smooth decisionmaking. Even the women, who realised that men dominated the more responsible and higher status job functions (even if they made the same wage), were genuinely grateful for the high quality of work life that Measurement provided. Furthermore, the co-operative

---

[1] Cynthia Beatty interview, p. 1.

structure encouraged creativity and an 'entrepreneurial' commitment to technical leadership. One member explained that Measurement managed to foster entrepreneurship without the customary incentives of promotions and large bonuses 'by encouraging people to express their ideas, by keeping up with the state of the art, by not letting ideas get stale'.[1] Another member was proud that Measurement had not fallen prey to the tendency in co-operatives towards 'woolly-mindedness, with decisions being the lowest common denominator of what everybody thinks. I don't think this is happening in Measurement at all'.[2] All the ingredients of effective co-operative design identified in Chapter Three -- members educated in business and co-operative skills, strong but not autocratic leadership, the growth of a robust common culture, a clear decisionmaking structure and jobs with skill variety, task significance and task autonomy -- were present at Measurement, both contributing to and supported by the generous resources Measurement commanded.

In the future, it is possible that expansion will require Measurement to add formality to its personnel policies: for example, regular evaluations of member performance instead of relying on casual comments, or paying for women members to attain the technical skills necessary to do design work. It is also possible that continued growth could prompt smaller groups to split off from the parent, although that has not happened so far despite predictions that it would. Greater effort in marketing will be necessary to protect the firm's 'independence', in labour process terms, from inroads by larger manufacturers as instruments become more based on microprocessors.

Measurement's record suggests some innovations which other co-operatives could employ. The deferred compensation accounts which

---

[1] Travis interview, p. 4.

[2] Morrison interview, p. 2.

Williams devised to repay eventually his and others' early contributions would help other fledgling co-operatives, at least those whose members could afford an initial period of substandard wages. The '48-hour decision' is a good mechanism for cutting meeting time. Employing an outside consultant to suggest improvements in decisionmaking structure as the co-operative grew larger was effective in helping Measurement's members draw on expertise developed elsewhere, providing feedback which is often absent from small cohesive groups.[1] Williams' thought that the co-operative might hire a professional counsellor or organisational behaviour expert to observe group performance periodically and act as a conduit for personal disagreements,[2] although not implemented at Measurement, is also an excellent idea, showing a sensitivity to the importance of small group dynamics rarely grasped in either traditional firms or co-operatives.

Finally, the heavy taxes attendant to Measurement's conversion into a co-operative suggest that a government seriously interested in helping co-operatives could do so by changing the tax code to treat co-operatives less like private limited companies and more like partnerships.

---

1 See Chapter Three, Section 3.4.4.

2 Williams interview, p. 13.

CHAPTER EIGHT

Conclusion

This chapter draws some conclusions about the future of co-operatives in the British economy based on the analyses of co-operative performance and organisation set forth in the case studies. The case studies, conducted in greater depth than is found in previous examinations of co-operatives, have analysed the individual co-operatives' strengths and weaknesses in light of the general principles about co-operative performance advanced in the beginning chapters; no such examination will be repeated here. Rather the intent is to offer some observations on the question which animated this thesis, namely whether co-operatives, building upon recent renewed interest about their possibilities and new institutions trying to promote them, could become a more prevalent vehicle for combining satisfying work and satisfactory economic performance.

One caveat is appropriate at the outset. The case studies examine in detail three co-operatives out of 2,000 now operating in Britain. They were deliberately chosen as examples of successful co-operatives, not of co-operatives generally.[1] A sample of three plus the two 'mini-case studies'

---

1 This strategy of studying successful firms in expanding industries was of course deliberate; it advances a field of scholarship that has tended to concentrate on failed firms and to prize firms' ideological purity over business success. It also provides a basis for assessing whether co-operatives can retain their distinct advantages while playing a larger role in the economy, since these are the kinds of co-operatives that will grow and prosper if any can.

has its limits as a basis for generalisation. The firms' differences -- in size, product line, workforce composition, internal structure -- are in some respects as significant as their similarities. Still the case studies do share some important themes, confirming and amplifying the hypotheses set out in Chapters Two, Three and Four.

The basic conclusion suggested by the case studies is that co-operatives can succeed, and are likely to continue growing in popularity, but that the conditions necessary for their success are sufficiently exacting that no great explosion in their numbers and importance is likely.

What is meant by 'success'? On the level of the individual firm, success is defined along two axes. First is job satisfaction: do members enjoy their work life and wish to stay in the co-operative? Second is a more objective measure of whether the co-operative can meet the market's demands: is it financially healthy? Several proxies can be used to assess financial health, including profitability, comparisons with traditional firms and whether the co-operative can grow if it wishes to. By this definition, all three case studies succeeded both in terms of worker satisfaction and business performance.[1] On a broader social level, 'success' can be defined as the ability of the co-operative movement to attract new adherents. This depends on the collective success of individual co-operatives, and on whether the co-operative movement can project the story of any such collective success to a broader audience, especially those working in small firms or contemplating doing so.

While the external environment in which co-operatives function -- the legal forms of organisation available, tax policy, direct government aid

---

1 Software Ltd was the weakest of the three, and both for financial and organisational reasons probably could not have expanded even if it had wanted to. Nevertheless, it continued to trade more than a decade after it opened, employing many of the same members, who evidently were satisfied with their work.

to co-operatives and CSOs, the difficulty of obtaining finance -- certainly influences their performance, the case studies have concentrated on the internal determinants of success, those having to do with the firm's own organisation. Internal organisation is more susceptible to comparative study, experiment and modification than the social environment in which co-operatives function. In addition, the virtual absence of work applying the insights of organisational behaviour (especially small group behaviour) to the internal organisation of co-operatives meant there was a significant gap in the literature this thesis could start to fill. Of the organisational variables that affect co-operatives' success, the case studies identify three -- firm size, leadership and aligning members' personal financial interest with the long-term health of the firm -- as most significant.

Size. Most of the features co-operators find appealing about co-operatives relate to small group attributes: intimacy, involvement, direct control over important decisions. The high job satisfaction reported by the members of all three case study firms derived largely from these attributes. As predicted in Chapter Three and confirmed in the FP case study, these virtues diminish as group size increases. 'Social loafing' appears and group commitment wanes. More importantly, the problems of information processing -- communication, coordination, decisionmaking -- become dramatically harder, and call forth solutions -- delegation, an increased role for 'management', adoption of routine procedures -- which are similar to those in traditional large companies. The examples of Scott Bader, Mondragon and the large American plywood co-operatives demonstrate that co-operatives can succeed without being small.[1] Representative institutions obviously function in polities, and can be adapted to businesses. But many co-operators appear

---

[1] Of course the dividing line between 'small' and 'large' is relative; a traditional company with 500 employees would not be considered large, but very few British co-operatives approach that size.

to resist doing so. Lacking the personal ownership incentives of a traditional entrepreneur, co-operators may not perceive good reasons for disrupting the closeness and control present in their small group. Indeed there are few examples of small British co-operatives growing large. The large co-operatives which do exist are almost all conversions of traditional businesses, adding democracy to an existing management structure. Without good models to emulate, and given the daunting and novel administrative challenges which arise from trying to run a large enterprise democratically (to which FP speaks eloquently), few co-operatives are likely to seek growth in the manner of traditional firms.

This leaves a significant portion of the economy in which co-operatives can function; some 96% of the estimated 2.5 million firms now operating in the U.K. employ fewer than 20 people.[1] And because small co-operatives fail no more frequently than small traditional firms, there is no business reason co-operatives should be unattractive to those seeking to start a new business. As the case study firms demonstrate, the thesis of inevitable democratic degeneration advanced in various forms by the Webbs, Vanek and Meister is wrong; each firm, in spite of its shortcomings, continues to trade at least a decade after starting, and to fulfill some essential measure of its members' objectives. Nevertheless, a requirement that co-operatives stay small to function effectively excludes them from the 80% of GNP produced by firms employing more than 100 people.[2] And insofar as bigness confers greater access to resources, the need to stay small

---

1 DE, 'Labour market & skill trends, 1991/92' (1990), p. 57.

2 Since research in co-operatives and traditional firms indicates that people are more concerned to establish control over their immediate work than over the firm's grand strategy, large co-operatives might be able to employ fairly small and efficient representative institutions at high levels as long as individual sites and departments retained extensive control over their own work.

implies that co-operatives will need to seek out niche markets, such as Measurement's, that larger firms will voluntarily bypass.

Leadership. Leadership is a difficult task in any organisation, but especially so in co-operatives. The central idea in a co-operative is to distribute formal power equally. When some members become more influential than others, dissonance between the real and the ideal is unavoidable. Chapter Three discussed how leadership should be understood as a process over time involving a dialectic between the evolving leader and the evolving organisation, and how leadership by strong individuals in traditional firms can be maladaptive. The comparable survival rates of small firms and small co-operatives does not imply any great advantages for hierarchical leadership (though by definition this comparison excludes large, i.e. the most successful, traditional companies). The case studies indicate that co-operatives have advantages over traditional firms in 'maintenance management', i.e. organising daily workflow most efficiently. Those who are closest to the work and to the customer are encouraged, by virtue of their membership in a co-operative, to think about how the firm is performing and contribute their ideas for improving it, a significant difference from the concept of worker as interchangeable cog. The case study co-operatives all demonstrated considerable skill at organising their daily work efficiently, even FP with its heavy patient demands and weak lines of authority.

It is 'management for change' where co-operatives most clearly display the pathologies of group decisionmaking. Both FP and Software, distrustful of individual authority, became firmly wedded to their own status quo. Leadership roles were stripped of authority. Restructuring which would have offended existing powerful constituencies became a matter of negotiations with vested interests able to veto changes. The pressure towards least common denominator solutions, or inaction, became irresistible. Hierarchical management, by contrast, has the power to offend powerful

interests more easily, and to employ and dissolve small groups as needed. Co-operatives must be willing to employ outside consultants or emotionally taxing self-audits to achieve the same scrutiny.

The case studies demonstrate a deeply rooted tension between the the communitarian ideology motivating many 'alternativist' co-operators, with its notions of equality, solidarity and friendship, and effective leadership. As Cornforth et al. observe, 'co-operators are often antipathetic to the very idea of management'.[1] Their desire to preserve group harmony ossifies into an unwillingness to take decisive action or learn from outside. Unless a leader is formally designated, which happens rarely even by rotation, no one makes the effort to take on the complex tasks required to manage a co-operative: (1) surveying important changes in the external environment and representing them to the group regardless of the strife this might cause, and (2) balancing the role of intellectual goad with that of facilitator of inclusive decisionmaking and group harmony. The best exemplar of leadership among the case study firms was Williams at Measurement, an archetype of Ropo's 'proactive' leader, who commanded enough respect to implement his thoughtful strategic vision through persuading colleagues ready to be persuaded. But his status as founder and his track record of success gave him unusual authority. Few co-operatives are likely to generate leaders of his sensitivity and calibre, though the odds would improve if CSOs offered co-operatives short courses distilling the lessons of leadership in small groups.

Aligning members' economic interest with the co-operative's. The philosophy of 'members coming in take on liabilities, members leaving leave assets behind' may appeal to a small number of 'self-abnegation Christians', as Williams called them, but conflicts with the desire for self-advancement

---

[1] Cornforth et al., p. 91.

that is culturally dominant. Co-operatives that fail to offer incentives for members to stay and invest in the long-term health of the business can become undercapitalised, as both FP and Software demonstrate. This problem is widespread. By contrast to Measurement, with its internal capital accounts, Software and FP were constantly weakened by poverty, lacking the 'slack' needed to introduce new services, advertise or attract skilled management. Because FP's and Software's financing was so unsophisticated, their experience can offer no insights into the relative merits of the innovative but untested vehicles discussed in Chapter Two. Measurement's experience, however, does confirm the value of giving members financial incentives to remain with the co-operative and invest in it for their own profit. The use of individual rather than ICOM-type collective shareholding, including limited shareholdings by non-members, also merits experimentation.

As for the external environment, the case studies identify some recurrent burdens borne by co-operatives that government policy could lift. Scarce external finance is one of the largest. Thus laws to permit hybrid financial instruments which might attract new investment to co-operatives (such as preference shares or long-term member accumulation shares as discussed in Chapter Two) and to permit deposit-taking status for ICOF would be simple but valuable steps; so would changing the tax laws to permit small co-operatives the same tax treatment as partnerships, to protect firms against the large tax loss Measurement suffered from becoming a co-operative. More interventionist steps would include preferential treatment for co-operatives in state procurement, greater funding for ICOF, grants to

encourage the use of consultants and in-service training by co-operatives[1] and creating a new bank modeled after the one operating in Spain's Mondragon charged with lending to and advising co-operatives. Reduction in capital gains tax for co-operative shares, preferential tax treatment for income used to buy co-operative shares and even a state fund to help purchase shares on behalf of worker trusts might also be attempted. Because a major problem faced by all the case study co-operatives was isolation -- from other co-operatives, from knowledgeable consultancy, from potential customers -- government policy could also bolster the obvious alternative to such isolation, namely CSOs. The co-operatives studied here all became established before the sharp expansion in numbers of CSOs in the mid-1980s. Those which did seek help from the few that existed in the 1970s were rebuffed. Nevertheless, some of the case study firms received small but significant help from other official bodies, pointing to the value of outside advice, referrals and money. With comparatively little expenditure, government policy could expand the number of CSOs and direct them to encourage co-operatives to establish self-help networks.

The research has confirmed the hypotheses set out in Chapter Four about the potential benefits of co-operatives for women. While some previous studies[2] have shown that some women are drawn to co-operatives because they need to balance earning with family responsibilities, this thesis is the first work that analyses comprehensively the status of women in paid work

---

1 Consultants are a particularly important tool for translating the best theoretical learning into practice. At FP the consultant's reports in 1980 and 1981 were highly sophisticated, knowledgeable about FP and perhaps decisive in helping it become a formal co-operative. At Measurement a consultant's report prompted by continued growth led to a new committee structure which worked well.

2 The best example of this literature is J. Wajcman, Women in Control (Milton Keynes: Open University Press, 1983).

as a precursor to demonstrating a significant number of links between women's work aspirations, now often thwarted in traditional forms of employment, and multiple attributes of co-operative work life. The case study firms were flexible about hours, allowing those with family responsibilities to satisfy them while remaining employed. The firms also rotated all jobs not requiring specialised training or qualifications. Women members found the firms supportive and basically enjoyable; those at Measurement were particularly enthusiastic about their broadened horizons, perhaps because of the opportunity to acquire skills often closed to women. Still, Measurement did not employ women to design instruments, its most challenging work, indicating that co-operatives alone cannot redress sexual inequality in education and other areas of society. Since statistics confirm that women face discrimination at virtually all levels of employment but particularly as they climb higher, co-operatives could provide them with an outlet for self-employment, one moreover whose traditions of mutual assistance harmonise with culturally accepted norms of female behaviour. Women are a significant percentage of those forming 'new wave' co-operatives, as well as those joining the increasing trend towards self-employment. Nevertheless, considerable outreach work will be necessary to inform most women about the benefits that co-operatives might be able to confer, and to help them overcome exactly those barriers of education and business experience which make traditional business relatively inhospitable.

This thesis has identified several areas where further research would be particularly useful. A comprehensive comparison of co-operatives in different countries, examining their legal structures, financing techniques, government support policies, internal organisation and business performance would fill a significant gap in the literature. More detailed case studies of British co-operatives, including their financial performance, are needed to establish a better basis for generalisation. A study of failed co-operatives

would deepen understanding about co-operatives' characteristic weaknesses. Management experts specialising in small group processes could profitably compare co-operatives with small groups in traditional firms. A combined study of co-operatives and traditional firms by a panel of CSO experts and traditional management consultants could produce valuable cross-fertilisation for both groups.

Even if the government were to implement a bevy of reforms to encourage co-operatives, in a market economy nothing can force people to join them. In this respect the co-operative movement is fundamentally different from other kinds of economic reforms. The government can nationalise and privatise large companies, mandate worker representatives on boards and regulate hours and conditions of employment. But whether co-operatives enter the mainstream from their growing but tiny enclave will depend on the decisions of disparate individuals to create democratic firms. The brisk ten per cent annual growth rate in the number of co-operatives in the past decade indicates that they do have the potential to enter the mainstream, despite the internal and external obstacles discussed above. The experience of the case study firms indicates that there are three main ways that those who work in co-operatives and those who seek to promote them could help overcome these obstacles: first, adopting more professional management, i.e. acquiring and deferring more to business expertise, seeking higher profits, learning how to counteract characteristic pathologies in small group decisionmaking, and focusing development in bouyant markets; second, permitting members to share in the firm's capital accumulation over time; and third, introducing new vehicles of ownership and control that will attract more finance and interest from outside the confines of the co-operative movement.

APPENDIX A

Name of Co-operative:
Date of Interview:
Person Interviewed:

I. Field Research: Part One

A: Description and General Information

1. What is the main activity of the co-operative?
   What service do you offer or what product(s) do you provide?

2. Is the co-operative an endeavour in job creation?
   job preservation?
   conversion from a traditional firm?
   other?

3. Has the co-operative been studied before? If so, please give particulars.

4. How many people are paid members of the co-operative:
   full-time?
   part-time?

5. How many people volunteer their time to work in the co-operative? How many hours a week on average?

6. Are there any members of the co-operative who do not work in it? If so, how many?

7. Is the co-operative unionised?
   If so, to what union(s) do the members belong?

8. Are you legally registered? If so, how?
   a. Registrar of Friendly Societies:
   b. CDA:
   c. ICOM:
   d. Charity:
   e. other (please specify):

9. Date of foundation of the co-operative:

10 Starting date of provision of the goods or service:

11. Number of founders:

Number of present members:
Number of active members:
Any big fluctuations since the start?

12. Do other co-operatives offer the same service(s)/product(s) as does this one? If so, how many similar co-operatives are there in the UK?

13. Is the work you do labour intensive?

14. Is the co-operative linked to any other co-operatives?

15. Does the co-operative provide employment opportunities for disadvantaged groups:
    a. disabled workers?
    b. part-time employment for parents?
    c. unskilled school leavers?
    d. home workers?
    e. minorities? (religious, ethnic, racial)
    f. other? (please specify):

B: Origins and Early Background

1. When and how did the idea first arise?
    a. factory closure?
    b. to provide a non-profit or low profit vehicle for preserving or creating jobs?
    c. to provide a particular new product or service?
    d. other?

2. While setting up the co-operative, did you see any of the following as important:
    a. retaining jobs under the threat of redundancy?
    b. creating jobs for the people involved?
    c. providing a service for the people involved?
    d. training women or other socially disadvantaged groups?
    e. helping women to go back to paid work?
    f. achieving greater job satisfaction and greater control over your working environment?
    g. training women to do traditionally male jobs?
    h. offering a better product/service than that usually provided?
    i. promoting the women's or co-operative movements?
    j. offering a product/service not otherwise offered at all?
    k. trying to achieve more general political aims?
    l. trying to implement notions of political democracy into an industrial context?
    m. any other reasons:

3. Why did you choose to provide this product/service rather than another? What other product(s)/service(s) were considered?

4. Were some of the members of the co-operative already involved in doing this type of work? If so, please explain.

5. Where did the idea for a co-operative business arise:
   a. from a worker?
   b. a trades union?
   c. a community worker?
   d. from the workers?
   e. management?
   f. national or local CDA?
   g. other co-operatives?
   h. other?

6. While establishing the co-operative, did you have any active political support from any of the following bodies:
   a. political parties?
   b. trade unions?
   c. other co-operatives?
   d. employers' associations?
   e. public authorities?
   f. anyone else? (please outline):

7. What form did this support take and why do you think it was given?

8. Did any of the above groups oppose the establishment of the co-operative? If so, in what way?

9. Did this opposition grow to be a problem? Please explain:

10. Is there any policy within the local authority to support or fund co-operatives? Please detail:

11. Have cutbacks in local authority expenditure affected the running of the co-operative?

12. What were the main problems encountered at the outset:
   a. finance?
   b. working out the structure of the co-operative?
   c. obtaining premises?
   d. finding people willing to join?
   e. obtaining appropriate skills?
   f. locating sales outlets or the equivalent in a service context?
   g. finding sources of supplies and materials?
   h. obtaining equipment?
   i. finding product(s)/service(s) to provide?
   j. legal or organisational problems?
   k. other (please specify):

13. Did you seek help or advice in establishing the co-operative from the following? If so, from:
   a. trades unions?
   b. universities or polytechnics?
   c. banks?
   d. national or local co-operative groups? (If so, please specify)
   e. women's groups or other political groups?
   f. community workers?
   g. government agencies?

h. foundations?
i. workers in other co-operatives?
j. outside consultants?
k. other (please specify):
l. no outside help:

C: Organisation and Structure

1. What are the principles of organisation that you embrace?

2. Is the co-operative owned and controlled by its workers? How is it a co-operative?

3. How does a worker become a member?

4. What does a share in the stock entitle the worker:
   a. employment?
   b. an equal share of the profits?
   c. an equal vote in deciding co-operative business?
   d. other? (please specify):

5. Is there a membership fee? If so, how much?

6. Does the co-operative adhere to model rules? If so, which ones:
   a. ICOM:
   b. CDA:
   c. CPF:
   d. other (please specify):
   e. none:

7. Has the co-operative voted any exceptions to the model rules it has adopted or relied upon in large part? If so, what are the exceptions?

8. How are the assets of the co-operative owned:
   a. collectively? If so, in what proportion?
   b. equally?
   c. other (please specify):

9. Can the assets of the co-operative be distributed to individual members on retirement?

10. Can the assets of the co-operative be distributed to individual members on dissolution of the co-operative?

11. Would any or all of the assets be distributed to another co-operative or to a social or charitable purpose?

12. Can workers withdraw their principal as well as any growth in their value that may have accrued to them over the years when they leave the co-operative or at any other times?

13. Is a certain percentage of trading surplus allocated to social causes? If so, is this specified or on an ad hoc basis?

14. What percentage of funds are routinely ploughed back into the co-operative?

15. What percentage of the co-operative's profits (surplus) or what percentage of net earnings are allocated to:
    a. reserves?
    b. investment?
    c. R&D?
    d. outside stockholders?
    e. distributed to workers?
    f. charities?
    g. other? (please specify):

16. Do you have a governing body/management committee or other such body? Please describe.

17. Who is entitled to sit on it?

18. Does anyone who is not a member of the co-operative sit on this body? Please explain.

19. Do you have an Annual General Meeting or some similar forum?

20. How and by whom are day-to-day decisions made?

21. Which of the various decision-making groups has the most influence?

22. Is the co-operative's decision-making done outside or inside formal working hours? If inside working hours, how does it affect production/provision of your service? If outside working hours, is it hard for workers to find time to participate? What suffers as a result?

23. How could increased participation by the workers in the co-operative's decisions be achieved?

24. What are the measures of performance applied by the co-operative? How often are these formally and informally applied?

25. How have the standards been established whereby performance may be judged?

26. Do all the decisions affecting the co-operative get made by the co-operative as a whole? If not, are the decision-makers selected by:
    a. election?
    b. appointment?
    c. seniority?
    d. competence?
    e. their function in the co-operative?
    f. for a fixed term?

27. How are the decision-makers held accountable to the co-operative's membership as a whole?

28. Who makes the basic decisions on production, expansion, planning, employee benefits?

29. How is pay determined? Is it relative to:
    a. production?
    b. seniority?
    c. sales?
    d. contribution/value of worker to the co-operative?
    e. training of worker?
    f. hours worked?
    g. need?
    h. other?

30. Are the co-operative's wages fixed relative to:
    a. union rates?
    b. 'ethical' rates?
    c. avoid tax?
    d. profits?
    e. other? (please explain):

31. Is there any restriction on differentials, and if so, how much?

32. What is the worker absenteeism rate?

33. How many sick days are taken by the average worker each year?

34. What is the turnover of the workforce?

35. What is the extent of the commitment the co-operative has to its workers? Is this actively demonstrated? (Please explain)

36. Have there been any strikes since the start of the co-operative? If not, why not? If so, why?

37. Does the co-operative support any retraining schemes or initiate any support mechanisms to help those that might be made redundant?

38. What is the organisation of the co-operative with regard to the basis of management divisions, the contacts between departments, the co-ordination of activities, patterns of organisation, the determinants of the degree of delegation?

D: Management

1. How are decisions made in the co-operative?

2. How do new managers get groomed? If the co-operative manages itself collectively, how do the members handle the integration and training of new workers?

3. How much time is spent in administration? (e.g., meetings, committees, etc.)

4. What is the relationship of the co-operative to government (national and local) agencies, if any exists? Who handles these relationships?

5. What is the relationship of the co-operative to financial institutions, banks, financing sources? Who handles these relationships?

6. What is the relationship of the co-operative to the co-operative movement, other co-operatives, community organisations, charities, traditionally-run businesses in the same industry? Who handles these relationships?

7. What are the official links and informal links between management and workers?

8. What qualifications and qualities does the co-operative look for in appointment of management? of its workers?

9. What skills and abilities are necessary to run a co-operative that are not necessarily essential to the running of a traditional firm?

10. Who evaluates management's performance or the performance of the co-operative itself if collectively managed? How often?

11. How is the pricing of the product/service established and modified?

12. Is the growth of the 'spirit' of co-operation among workers long-lasting and does it effect other spheres of life?

13. Who does corporate planning? How are the co-operative's long-term opportunities and capabilities balanced? How much long-range planning is done and by whom?

14. Can entrepreneurial spirit be preserved in co-operatives? Does the co-operative form interfere with entrepreneurialism?

15. How do budgeting, cash forecasting, product costing, quality control, investment decisions get made?

16. How are production capacity, production control, stock control, purchasing, transport and maintenance evaluated?

17. How are workers recruited and selected? Who does training of new staff?

18. What special industrial relations problems or successes do co-operatives have?

19. Are the co-operative's workers interested in working in a co-operative as such or do they regard it as just another job?

20. Are all the workers given the opportunity of joining the co-operative?

21. If they do not take it up, what happens?

22. Are the workers allowed to determine when they work if they work a minimum number of hours?

23. Do you have any unusual working arrangements? (e.g., job sharing schemes, job rotation, flexi-time, autonomous work groups, etc.)

24. Are things organised so that everyone shares in the different tasks? How is this done? What problems arise?

25. How are the safety rules and practices of the job determined?

E: The Worker Owners

1. What is the age range into which most of the co-operative's workers fall: (please give numbers in each category if possible)

	Male	Female
a. under 20:		
b. 20-25:		
c. 25-30:		
d. 30-35:		
e. 35-40:		
f. 40-45:		
g. 45-50:		
h. 50-60:		
i. over 60:		

2. Do you think a worker's age is important to the work that the co-operative does? Why/why not?

3. What proportion of the workers have children?

4. What proportion of the members are married or living in long-term arrangements?

5. What proportion of the members are 'married' to the co-operative?

6. How many workers were registered as unemployed before they started working at the co-operative?

7. For how many workers was this their first job?

8. For how many workers was this a return to paid work after a period of working in the home?

9. What are the educational qualifications of members, and their relevance to the work done?

10. What are the principal skills of the workers?

11. Which of these skills did workers learn while on this job and how?

12. Is it a policy of the co-operative to try to train workers in new skills and if so, how is this accomplished?

13. In hiring, does the co-operative practice positive discrimination? Why or why not?

14. Do the workers belong to any other co-operatives?

15. Does anyone work elsewhere and if so, why?

16. What type of person joins this co-operative and why?

17. Where did you obtain the skills needed to run the co-operative that were absent in the workforce?

18. Have workers taken any management or business courses? Where? Have they been useful?

F: Finance

1. How do the salaries of your workers compare to what they would receive in the private sector:
    a. lower (by how much, approximately):
    b. about the same:
    c. higher:
    d. unknown:

2. Are there bonuses or gifts in kind? If so, please detail. Who decides on who gets a bonus or other benefit? Are there set criteria for the awarding of such?

3. What benefits, in addition to the pay packet, does the co-operative offer:
    a. paid holidays?
    b. sick days?
    c. training opportunities?
    d. travel in concert with job performance?
    e. paternity/maternity leave?
    f. creche facilities?
    g. flexi hours?
    h. job rotation?
    i. medical or dental insurance scheme membership?
    j. other? (please detail)

4. What affect has the recession had on the economic performance of the co-operative? Please explain.

5. How much money did you estimate would be needed to establish the co-operative? How much money did this actually require?

6. Where did your initial finance derive and where have other funds to maintain and expand derived?

7. Are the running costs now fully covered by the provision of the service/sales of the product? If not, how do you make up the difference and when would you expect to start covering costs? If they are covered, how long after the co-operative started was this so?

8. If you receive contributions from members or non-members, are they:
   a. on a regular basis?
   b. occasionally?
   c. one-off?

9. Have there been any special conditions attached to a loan or any other financial assistance you have secured? If so, please detail.

10. Has it been difficult to obtain funds?

11. Do the workers feel that their jobs are secure?

12. Is the co-operative vulnerable to take-over?

13. Can you provide a detailed picture of your outgoing and incoming funds?
   a. fixed assets:
   b. current assets:
   c. liabilities (including tax):
   d. worth of company (if known):
   e. sales per year:
   f. pay (including overtime if any):
   g. number of staff:
   h. average pay:
   i. sales per staff:
   j. fixed assets per staff:
   k. operations profit:
   l. tax:
   m. monies allocated to charitable purposes:
   n. bonuses to staff:
   o. percentage and numerical amount of monies ploughed back:
   p. profit margin on sales (%):
   q. overhead:
   r. other:

14. Can you give a breakdown of your overhead on a monthly basis?
   a. rent or mortgage payments:
   b. wages:
   c. insurance:
   d. administrative:
   e. fuel:
   f. advertising:
   g. other (please specify):

15. How often are salaries paid?
   a. monthly:
   b. weekly:
   c. bi-monthly:

16. Have the workers not been paid ever? If so, please explain.

17. How much money do you go through in petty cash on a weekly or a monthly basis?

18. Are the workers of your co-operative self-employed or are they on an employee basis?

G: Premises, Plant and Equipment

1. Do you have any premises and if so, are they:
   a. rented?
      1. market rate?
      2. subsidised rate?
      3. nominal cost?
   b. owned?
   c. donated?

2. Was finding premises a problem? If so, give details.

3. Are the premises adequate?

4. What is your principal capital equipment? Age? Value? Is it the best on the market for the job?

5. Did you have any problems obtaining this equipment? Please explain.

6. Do you have a set policy for replacing capital equipment to keep it up-to-date? How do you decide on major capital purchases? Is there any other equipment you would like to use but cannot obtain? Please explain.

7. What working materials or supplies do you use?

8. Do you have any problems in obtaining these?

9. Are there any working materials or supplies you would like to use but cannot obtain? Please explain.

10. How would you describe your working environment? (i.e., the physical condition of it):
    a. excellent?
    b. satisfactory?
    c. barely acceptable?
    d. unacceptable?
    e. other (please explain):

    why?

11. How is compliance with health and safety regulations assured?

12. Where did you get your equipment and supplies at first? Where do you now?

a. from a previous traditional business you succeeded?
b. normal commercial channels?
c. second-hand?
d. trade union/trades council?
e. other (please explain):

13. Do you have adequate space to do the job?

14. Do you anticipate having to expand to additional or new premises? (please explain)

15. If you expand, will you rent or buy the premises?

16. Do you anticipate having to invest in new machinery or additional second-hand equipment? Please detail.

H: Marketing

1. How did you ascertain that there was a market for the product/service you offer?

2. What proportion of the market for this product/service do you have?

3. What other firms or groups provide this product/service in this region?

4. Has the co-operative been a good marketer of its product/service?

5. Is the market big enough? How accessible is it?

6. Can your customers and potential customers afford a price that will produce a profit for you, or the price you ask?

7. Have you studied the competition from the point of view of price, design, quality of product, reliability, delivery dates, etc.?

8. Should you modify your service/product in some way so as to get the edge on the competition? Have you worked out what this will do to your costs?

9. Is there a long-term future for the co-operative's product/service? If not, do you have any ideas for a follow-up?

10. Do you have adequate space to hold stock? How rapidly does the stock turnover? Can the shop be supplied at short notice?

11. How do you establish your prices?

12. Has the co-operative ever developed or adhered to a business plan?

13. If a similar product/service is provided by anyone else, is your price lower or higher? Why do you think this is?

14. If a similar product/service is provided by anyone else, what do you

think of their operation?

15. How do the wages they pay compare to yours?

16. What in particular attracts your clients to you? Is your location good for attracting the kind of trade you are looking for? How much did you know about the area before you opened the co-operative?

17. Where does your business come from:
    a. ordinary commercial firms?
    b. alternative firms?
    c. other co-operatives?
    d. community organisations?
    e. national government?
    f. local government?
    g. the general public?
    h. other (please specify):

18. If you provide a service, how do you reach your clients?

19. If you provide a product, do you sell through:
    a. a shop?
    b. a wholesaler?
    c. by direct order?
    d. other? (please explain):

20. If the co-operative grew out of a traditional firm, how has the product mix, type of customer, and financial situation changed since the co-operative began?

21. Do you have any problems contacting potential clients?

22. Where do you find your customers:
    a. word of mouth?
    b. personal contacts?
    c. the general public?
    d. advertising?
    e. other co-operatives?
    f. other? (please list):

23. What are the ways you have chosen to promote your product or service? Why did you choose this route? Have they been successful?

24. What percentage is advertising in your budget? Do you feel you are getting good value for money? Do you do enough advertising?

25. Are there any methods of reaching new clients that you would like to try?

26. How do people pay for the product/service:
    a. cash at time of purchase?
    b. credit cards?
    c. credit facilities?
    d. buy and return arrangements?

e. other? (please explain):

27. Do these arrangements cause you any problems?

28. If you work on a contract basis:
    a. with whom are your contracts?
    b. are the contracts for a fixed term? If so, for how long, and are they renewable?
    c. what do you provide under the contracts?

29. How do you handle customer complaints? How often do they come? How much time do they take to handle? Are they fair generally?

30. If you bought a going concern, did you check it out thoroughly with your professional advisors?

31. Do you have professional advisors?

32. In which area do you consider your main competitive advantage lies:
    a. price?
    b. design and/or quality?
    c. prompt delivery?
    d. service?
    e. flexibility in meeting customer's specifications?
    f. other? (please specify):

33. Do you regard your main competition coming from:
    a. imports?
    b. other co-operatives?
    c. other firms that are politically sympathetic to similar causes embodied in the work of your co-operative?
    d. production in Britain by other small firms?
    e. production in Britain by large firms?
    f. other (please detail):

33. Of your top five customers, what percentage of your total sales last year was accounted for by each? Has this changed considerably over time?

34. Are all the statements and claims you are making about your product/service true to the best of your knowledge and belief?

I: Industrial Flexibility

1. Is the co-operative receptive to technological change? Does it seek technological advances? Does it have any systematic R&D effort? How much is spent on R&D and how is it organised?

2. How concerned are you with product development and what is the gestation period for new products/services?

3. Does the equipment, plant and/or machinery serve various purposes? Are they adaptable?

4. Do you engage in subcontracting?

5. What percentage of your work is for custom built products or services?

6. What have been the major problems since the co-operative has been in operation:
   a. organisational dilemmas?
   b. obtaining equipment?
   c. obtaining materials and supplies?
   d. obtaining customers?
   e. keeping customers?
   f. obtaining adequate premises?
   g. finding/keeping sales outlets?
   h. obtaining finance?
   i. maintaining commitment?
   j. finding/training/keeping appropriate skills?
   k. staying a co-operative?
   l. finding and keeping people willing to join?
   m. finding appropriate product(s)/service(s) to provide?
   n. educating people to what a co-operative is, how it operates and why it conducts itself the way it does?
   o. getting credit from suppliers?
   p. finding and keeping an economical source of raw materials, energy and transport?
   q. educating the workers to do a variety of jobs?
   r. other? (please specify):

7. What do you foresee will be the major problems facing the co-operative in the future and why?

J: Community Interests

1. Are the workers of the co-operative local residents?

2. Does the co-operative utilise local skills and materials? Why or why not?

3. Was the co-operative originally established to forward the interests of the community in any way?

4. Is the co-operative situated in a residential or other area? What is the composition of the neighbourhood?

5. (TO ASK CUSTOMERS IF POSSIBLE TOO): Why do people patronise the co-operative, its products and services?

6. Is the co-operative subject to public scrutiny and criticism, not only of its policies and products, but of the details of its behaviour?

7. What contributions, if any, has the co-operative made to community projects? To what extent are your members active in community affairs?

8. Does the co-operative have policies about:
   a. positive discrimination for minorities, handicapped, women, part-time workers, home workers?
   b. industrial pollution?
   c. using recycled or reprocessed materials?

9. Are there any discounts or special services/prices offered to old age pensioners, the handicapped or the ill?

10. Are there any formalised mechanisms for seeking the views of consumers?

Name of Co-operative:
Date of Interview:
Person Interviewed:

II. Field Research: Part Two

K: Background of the Co-operative's Workers

1. What is your age?

2. Where were you brought up?

3. What is your general educational background?

4. What exactly do you do in the co-operative? What does your work involve?

5. Is there any particular training you have received because of your job in the co-operative?

6. Aside from work and home life, what other activities are you involved in?

7. Have you ever worked in a co-operative before?

8. From what sort of work backgrounds are your parents:
   a. mother?
   b. father?

9. What was the last job you had before you came to work here?

10. What were the reasons for leaving your previous job?

11. What other jobs have you held before working here? and for how long?

12. Do you enjoy any perks from your job here? If so, what are they? (For example, any fringe benefits that might include BUPA, housing, car, pension, etc.)

13. Did you take a cut in wages to work here? If so, how much?

14. How many hours a week do you work?

15. Do you feel that this co-operative gives you job security? Why/why not?

16. Are you or have you been a member of a Trade Union? If so, please specify which one(s).

17. Have you ever held Trade Union office? If so, which position(s)?

18. Why did you join this/these union(s):
    a. closed shop?
    b. belief in the principle?
    c. social pressure?
    d. protection against hardship?
    e. other (please specify):

19. If you have never participated in a Trade Union, why not:
    a. no union to join?
    b. local branch ineffective?
    c. dislike the principle?
    d. other (please specify):

20. Who made the decision to hire you and for what reasons do you believe you were hired?

21. What do you want from the work that you do?

22. Do you want to work on the hardest, most important problem to which your talents apply? If so, is the co-operative providing this opportunity for you?

23. Are you able to use your own initiative in your work? How much autonomy is there in your job?

24. Are you able to do the things that you do best and/or does the job that you have bring out the best in you?

25. How predictable is your work? Is this good or bad from your point of view?

26. Does your work ever change without your understanding the reasons why?

27. Do you feel you have enough say about those decisions that affect your work? Do you feel you have enough of a voice in the co-operative and that what you say is respected?

28. Do you feel that you have adequate equipment, materials, education, preparation and strong enough back-up organisation to do your job properly?

29. How do you feel about and how successful would you rate the co-operative in:
    a. economic performance?
    b. technological level and development of new products and/or services?
    c. social relationships?
    d. political function?
    e. democratic component?

30. How much has the success/failure of the co-operative depended on the level of education and skills of its members?

31. How much has the success/failure of the co-operative depended on the political commitment to the co-operative movement or to other movements of its workers?

32. Are you prepared to forego salary increases, in principle, in order to provide for the membership:
    a. social facilities?
    b. educational or training opportunities?
    c. job security?
    d. expansion opportunities and thus more jobs?
    e. longer holidays
    f. shorter working hours
    g. other:

33. On a scale of 1 to 5, 1 representing not at all, 3 representing to some extent and 5 representing to a very great extent, does the co-operative:
    a. plan together and co-ordinate its efforts?
    b. have a membership that trusts and has confidence in each other?
    c. have a membership that is willing to listen to your problems?
    d. to others' problems?
    e. encourage each worker to give the best of her/his efforts?
    f. encourage each worker to help others sort out the best ways to do the job?
    g. excite you about coming to work each day?
    h. evaluate the progress you have made in your job?
    i. give you the impression that your pay is directly related to how much you help the co-operative be successful?
    j. cause work to be done under pressure?
    k. encourage the workers to speak out on topics related to their work and the co-operative's work?

34. How satisfied do you feel with the progress, if any, that you have made in the co-operative to date?

35. How would you feel if the co-operative were reorganised along traditional business lines?

36. How much has your involvement with this co-operative encouraged you to learn more about co-operatives and the co-operative movement?

37. At the beginning, did you have a clear idea of what working relationships in a co-operative should be like? If so, please explain. How have your views changed in this regard (if they have at all) since working here?

38. Do you think you have sacrificed and contributed to keeping the co-operative going and/or prosperous more than you would have done in a conventional firm?

39. What do you want out of the co-operative:
    a. job security?
    b. financial gain?

c. an education or training in certain skills?
d. financial security?
e. an enjoyable/stimulating working environment?
f. to work as equals according to democratic norms?
g. a challenge?
h. just a job?
i. a way to occupy the time?
j. to work with other similarly motivated people?
k. a non-sexist, non-racist and/or egalitarian working environment?
l. to put your principles into practice?
m. fun?
n. a way to have a family and a job?
o. other? (please specify):

40. What aspects of your job do you think are advanced because you work within a co-operative structure? What aspects of your job do you think are adversely affected due to working in a co-operative structure?

41. What attracts you most to working in a co-operative?

42. Do workers take personal responsibility for the outcomes of their work, and feel personally accountable for the results of what they do?

43. Do workers monitor their own performance continuously, seeking data and feedback to learn how well they are accomplishing their jobs?

44. Do workers manage their own performance, taking corrective action at their own initiative to improve their performance?

45. When workers do not have what they need to perform well, do they actively seek from the co-operative the guidance, help or resources they need to perform better? Do they do this in a constructive manner?

46. Do workers take initiatives to help workers in other areas improve their performance, and contribute to improving the policies and performance of the co-operative as a whole?

L: Worker Evaluation of the Co-operative

1. Are there any particular problems in studying your co-operative? If so, please detail:

2. Since you have worked here, to your knowledge has anyone been fired? If so, for what reasons were they fired and how was it handled? If not, are there people who probably would be fired if they were not working in a co-operative?

3. How compatible is the workforce?

4. Do members of the co-operative participate in any activities together outside of their work here? If so, please detail.

5. Does everyone work the same amount of time? Why/Why not?

6. Can workers be promoted in the co-operative? If so, how is this done? If there is no possibility for promotion, what incentives do workers have to give the job their all?

7. Have you noticed whether workers are or are not especially considerate of their colleagues when working here? If they are more considerate, why do you think this is? Would not these same people in a traditional firm act in the same way? If not, why not?

8. Who are the most active participants in the co-operative and why?

9. How much supervision is there? For what, if anything, is there supervision and why? Is the work organised in such a way as to allow for considerable individual initiative, work co-operation and/or self-management? If so, how is this achieved?

10. Does the co-operative address discrimination in the running of its business with an eye to doing something about it? (e.g., sexism? racialism? etc.)

11. Are any co-operative workers 'over-qualified' for their jobs? If so, how many? Do they feel frustrated or bored by the work that they do?

12. Is the co-operative underexpanded, i.e., too small for the business it has or can easily attract?

13. Is there loyalty to the co-operative by its workers during a period of contracted trade? Has there been any precedent for this?

14. In hard times, do workers take a cut in their salaries or divide the decreased work? If so, how is this done and when has it been done?

15. As far as you know, has the co-operative ever considered selling out? If so, why and on what terms?

16. What is the public reputation of the co-operative as far as you know?

17. How much information about the co-operative's progress/regress is available to everyone?

18. How genuine is workers' control and how committed are the workers to the 'co-operative idea'?

19. How committed are you to the 'co-operative idea'?

20. How generally contented, apathetic or enthused is the workforce about the work organisation and general running of the co-operative?

21. Do you have grievance procedures? If so, how effective are they and how often are they used?

22. What are the advantages/disadvantages of working here?

23. Who performs quality control? How carefully is this overseen?

24. How much is management based on scientific principles versus improvisation? How much must workers learn about management to be effective at running a co-operative?

25. What are the requisites for success or failure in the co-operative's eyes? in your eyes? How would you evaluate the co-operative along these lines?

26. How much influence do extra-firm bodies (e.g., suppliers, customers, community groups, government) have on decision-making within the co-operative? Please explain.

27. How do you feel about the following statements:
    a. The workers at this co-operative have little more say than workers in most businesses.

    b. Giving workers more opportunity to make an input into the mechanics of the co-operative would make things better.

    c. Decisions could be made much more democratically than they are now without hurting the co-operative.

    d. The co-operative is best able to become more democratic with time.

    e. To become better in its business, the co-operative needs most of all (rank in order):
    -- greater access to capital
    -- better business skills
    -- better relationships within the co-operative
    -- better knowledge of market potentials
    -- more modern equipment
    -- better leaders
    -- more dedicated workers
    -- a unified vision of what the co-operative should or could be
    -- other (please specify)

28. How much of a change has the co-operative made:
    a. in the lives of its workers?
    b. in the democratic awareness of its members? (e.g., are you better citizens?)
    c. in prompting you to take more initiative in other aspects of your life? (e.g., making you feel that you can make a difference, giving you a sense of power?)
    d. in the political views of its workers?
    e. other (please detail)

M: Communications

1. How is information discharged among the membership?

2. Do you get enough information on what is going on:
   a. always?
   b. usually?
   c. often?
   d. sometimes?
   e. rarely?
   f. never?

   Why/why not?

3. Have communications improved, stayed the same or gotten worse since you have been involved in the co-operative? Why do you think this has happened?

4. When there are problems in your work, do you first turn to yourself or to others to solve them? How often do problems arise? Do you feel you can turn for help to others when you need it? Do you feel this aspect of your work would be any different if you didn't work in a co-operative, or in this co-operative?

5. How often do you take problems or ideas and questions to your supervisor or to other co-operative members:
   a. any time they arise?
   b. only if necessary?
   c. now and then?
   d. rarely?

   Please explain:

6. How much time do you spend discussing co-operative business or on matters directly related to the co-operative in a typical week:
   a. less than one hour?
   b. between one and two hours?
   c. between two hours and a half a day?
   d. half a day or more?

7. How useful do you feel these discussions and meetings are in practice?

8. In your experience, does working in a co-operative take up more time and energy than working in another job?

9. Do you think you personally spend enough time discussing other aspects of the co-operative aside from those in which you are immediately involved?

10. How often does friction occur? What generally precipitates it and why? How severe is this friction when it occurs?

11. Is this friction generally productive? If so, in what ways?

N: Job Satisfaction

1. Do you rotate jobs? If so, does this apply to only part of the workforce? Please explain:

2. Is the work that you do routine, repetitive or monotonous? If so, could this be avoided?

3. Do you enjoy the work that you do? Why/Why not?

4. Has the co-operative made any efforts towards job enrichment? Why/Why not?

5. Is there any use of autonomous work groups? Why/Why not?

6. What do you need to be satisfied with your work? Pleased with your work?

7. Overall, how does working here compare to previous jobs you have held? What are the advantages and disadvantages?

8. On balance, how satisfied or dissatisfied are you with your work here? Do you think this will change with time or not?

9. How satisfactory are the following components of your job? How important are these aspects of your work?
   a. being able to show your best side and abilities
   b. the time you have to do the work, i.e., lack of pressure
   c. that you are treated with respect and dignity
   d. public respect for the work that you do
   e. the work is political
   f. the work is fun
   g. work is challenging
   h. travel is limited/extensive
   i. creche facilities are available
   j. possibility to work part-time
   k. democratic work environment
   l. building co-operative movement
   m. opportunity to learn and be stimulated
   n. promotion prospects
   o. physical attractiveness of the working environment
   p. relationships with your colleagues
   q. ability and efficiency of co-operative to do its work
   r. work is socially useful

10. How much variety is there in your job? That is, to what extent does the job require you to do many different things at work, using a variety of your skills and talents?

11. To what extent do managers or co-workers let you know how well you are doing on your job?

12. To what extent does the job allow opportunity for independence and

freedom in how you do the work?

13. To what extent does the job require that you use complex or sophisticated skills?

14. Do you work in teams, or mostly on your own?

O: Broader Questions

1. What does democratic control mean in a modern co-operative? In this co-operative, what happens when certain workers are not competent or just slow? Is it hard to work democratically? What are your frustrations in working this way?

2. Should there be a financial benefit in becoming a member of the co-operative? Why/why not?

3. Do you agree with the notion that people work better when they work for themselves?

4. How much effect can a worker(s) have in the actual manufacturing process or in the delivery of a service, or in the method of selling, particularly if s/he desires to change an existing system? Is there precedent for this in the co-operative?

5. What are the kinds of issues and concerns that are easiest to resolve in the co-operative? Why?

6. What kinds of issues and concerns are the most difficult to resolve in the co-operative? Why?

7. What role do you believe co-operatives should play in the economy in the future and why? Are they destined, because of the innate difficulties of democratic management and ownership, always to be marginal to the central economy? Is the economy likely to become more and more democratised in the future? Will the co-operative movement become largely a middle class movement or will it retain a strong identity with the working classes?

8. What are the particular factors you could identify as influencing most strongly whether co-operatives succeed or fail?

9. Does the membership reveal an awareness that they are part of a movement that is larger than the individual enterprise? Why/why not?

10. Do you think co-operatives are a possible way (for women in particular) to start working in new or advanced technology businesses? Why/why not?

11. How would you advance the co-operative movement in Great Britain if you were a representative of local government, an MP, or very rich with a notion to help co-operatives?

12. Looking ahead, say 7 to 10 years from now, if things go well for you, what kind of work would you like to be doing? Would it ideally be in a co-operative? Why/why not?

13. Do you have any other comments you would like to make?

14. Would you like a summary of the findings of this case study?
Yes / No

BIBLIOGRAPHY

A. Manuscript Sources

1. Interviews

CDA (20 March 1980, 21 April 1980) Interviews with Staff Worker Jo Jacobius.
CDA (21 April 1980) Interview with Researcher Leonora Stettner.
Registrar of Friendly Societies (19 Feb. 1979, 24 April 1986, 1 Dec. 1988) Telephone Interviews.
Tilley, J. (Co-op/Labour MP) (31 March 1982) 'The Politics of Co-operation' Milton Keynes: Seminar presented before the Co-operative Research Unit, Open University and interview.

2. Case Study Field Research

On the advice of examiners, fictional names have been used for each co-operative studied and the members thereof. Correct names are available from the author.

Athena Co-operative (London)

Three months of on-site research between 1978-81 with occasional follow-up telephone interviews and letters between 1982-88. The totality of the members (eight) were asked the questions listed on the field research instrument presented in Appendix A.

Software Ltd (London)

Interviews with Individual Members:
Sam Addison
Tim Burke
Clive Dodds
Martha Hough
Charles Locke
Thomas Niles
Mark Potter
Paul Stanley

and with the full co-operative.

Measurement Ltd (Cambridgeshire)

Interviews with Individual Members:
Cynthia Beatty
Jeff Beatty
Alan Morrison
Charles Neale
Betty Pelling
Jane Simpson

Pauline Topping
Sarah Travis
Fred Untermeyer
Charles Williams
Laura Worth
Ann Yates

Suburban Office Cleaners Co-operative (SOCC) (London)

Telephone interviews with two members who asked that they be listed by first name only: 'Alice' and 'Mary' (March 14, 1984 and March 20, 1984).

Family Planning Ltd (FP) (London)

Interviews with Individual Members:
Leslie Baker (Counsellor)
Mary Banks (Assistant Press and Information Officer)
Tom Briggs (Counsellor)
Pat Dixon (Senior Counsellor)
Laura Dobney (Press and Information Officer)
Heather Gore (Nurse)
Robert Haverstraw (Senior Sessional Doctor)
Helen Hill (Counsellor)
Margaret Lucas (Counsellor)
Karen Lynch (Clinic Cleaner)
Ruth Morgan (Central London Deputy Administrator)
Jean North (Deputy Co-ordinator FP London)
Pam O'Rourke (Kew Clinic Administrator)
Sarah Poole (Counsellor)
Lette Simms (Financial Officer)
Katherine Sand (Computer Specialist and Planning Officer)
Michelle Warren (Co-ordinator)

3. Internal Co-operative Files

Software Ltd

Burke, T. (nd) 'History of Software Ltd'.
Software Ltd Advertising Literature, 1982.
Software Ltd Promotional Literature, 1982.
Contracts of Employment.
'Doing Business' Files.
'Rules of Software Ltd' (2 October 1979).
Statements of Accounts and Finances.

Measurement Ltd

Annual Members' Reports (1975-85).
Contracts of Employment.
'Doing Business' Files.
Letter from Measurement Ltd to Dr. D. Levy, Volcani Institute (21 Mar. 1978).
Letter of Yoash Vaadia (2 Apr. 1978).

Letter of Marcel Fuchs (4 Apr. 1978).
Letter of Dov Keller (11 Apr. 1978).
Letter from Measurement Ltd to Yoash Vaadia (13 Apr. 1978).
Letter from Monteith to Williams (14 Apr. 1978).
Letter from Williams on behalf of Measurement Ltd to Hebrew University of Jerusalem (24 Sept. 1982).
Letter from J. Gale to J. Beatty (21 Nov. 1982).
Letter from Williams on behalf of Measurement Ltd. to J. Gale (5 May 1983).
Letter from J. Gale to Monteith (14 Feb. 1983).
Williams, C. (1976) 'A personal history of Measurement Ltd'.
Statements of Accounts and Finances.

Family Planning Ltd (FP)

Aims and Objectives of FP (1982).
Annual Reports (1969-87).
Birtles, B. (6 Aug. 1982) 'Note - the role of the Board'.
Central London Administrative Team Minutes (1980-84).
Contract of Employment.
Cox, L. (1979) 'Case Histories from FP'.
Dobney, L. (13 Nov. 1978) 'FP Advertising'.
'Doing Business' Files.
'Female sterilisation - feasibility' (Oct. 1981).
FP Advertising Literature (1968-85).
'FP counselors: their composition, recruitment and selection' (1976).
FP Finance Team (Sept. 1981) 'Loans Report for MAT'.
'Fundraising Proposal to the Greater London Enterprise Board' (1983).
Hulse, J. (1982) 'Suggested Amendments to the Articles of Association'.
Hunt, D.M. (nd) 'The Role of the Board'.
Internal Draft, Evidence to the Royal Commission on the National Health Service (nd).
Job Descriptions.
Kew Administrative Team minutes (1981-84).
Leat, D. (nd) Charitable Fundraising by Means of Radio and Television: an Exploratory Study. Berkhamstead.
Main Administrative Team Minutes 1969-1986.
Management Committee Meeting Minutes (1968-74).
Minutes of the Central London Staff Meetings (1979-84).
'Proposals for the governance of FP'.
'FP Now', unsigned, undated discussion paper [early 1980].
Phillips, A. (5 Feb. 1975) 'Proposals for the re-organisation of FP'.
Sand, K. and Robinson, M. (Oct. 1980) 'FP Review Parts 1 and 2'.
Sand, K. (1982) 'Prospects for 1982'.
Sand, K. (1983) 'Planning report on the working system in Central London'.
Sinclair-Taylor, J. (August 1982) 'How I see the job of a Board member'.
Statements of Accounts and Finances (1968-1986).
Sylvie, Pat, Franca and Susannah (July 1981) 'Staff salaries'.
T. Richard Johnson Ltd. Advertising (26 Oct. 1982) 'The way to increased business for FP-various options reviewed'.
Woodcraft, T. (August 1982) 'The role of the FP Board'.
Working Party on New Services (6 Sept. 1982) discussion paper.

B. Printed Sources

1) Primary Sources

A. Government Reports

CDA (1980) Co-ops: A Directory of Industrial and Service Co-operatives. London: Co-operative Development Agency.
CDA (1982) 'Model Rules'.
CDA (1982) Co-ops: A Directory of Industrial and Service Co-operatives. London: Co-operative Development Agency.
CDA (1984) The New Co-operatives: A Directory and Resource Guide. London: Co-operative Development Agency.
CDA (1985) A Directory of Co-operatives. London: Co-operative Development Agency.
CDA (1986) The National Directory of Co-operatives and Community Businesses. London: Co-operative Development Agency.
Companies Acts 1980, 1985.
CSO (1983) Social Trends. London: HMSO.
DE (Nov. 1980) Employment Gazette.
DE (Feb. 1983) Employment Gazette.
DE (Nov. 1983) Employment Gazette.
DE (Mar. 1985) Employment Gazette.
DE (Oct. 1990) Employment Gazette.
DE (Nov. 1990) Employment Gazette.
DE (Dec. 1990) Employment Gazette.
DE (Mar. 1982) Labour Research.
DE (1990), 'Labour market & skill trends 1991/92'.
DE (1990), 'Women in the labour market', Employment Gazette (Dec. 1990), pp. 619-41.
DE, 'Automatic males, back door females', Employment Gazette (Dec. 1990), p. 592.
Equal Opportunities Commission (Nov. 1977) Women and Low Incomes.
Equal Opportunities Commission (1986) Women and Men in Britain: A Statistical Profile.
Finance Act 1984 § 18.
Halsbury's 7 Laws of England ¶¶ 104, 107.
Hansard (27 Nov. 1980) 287.
Industrial Common Ownership Act (1976).
Industrial and Provident Societies Acts (1852, 1862, 1965-78).
McIntosh, M. (Nov. 1980) 'Women at work: a survey of employers', Employment Gazette.
Office of Population, Census and Surveys (1979) General Household Survey. London: HMSO.
Partnership Act 1890.
Registrar of Friendly Societies (1980) 'Registration of Societies [Regulations]' under IPSA 1965-78, Form 617.

B. Books, Articles and Reports of Private Bodies

CEI (1985) The Impact of Local Enterprise Agencies in Great Britain. London: Centre for Employment Initiatives.
Harris, M. (1985) 'Unionised self-management in London printing co-operatives'. MA thesis. Department of Industrial Relations, London School of Economics.
ICOM Model Rules (1977, 1980).

Lewis, J. (1948) Partnership For All. John Lewis Partnership Library: typescript.

Munro, C. (1987) 'The financing of worker co-operatives: a comparison with conventional businesses and evaluation of proposed mechanisms for investment'. MBA thesis, Polytechnic of Central London.

Oliver, N. (1986) 'Commitment in producer co-operatives: a perspective from the social psychology of organisations'. PhD thesis, Open University, Milton Keynes.

Robinson, M. and Paton, R. (1983) Worker Information Systems and the Development of Large Co-operatives. Working paper. Co-operatives Research Unit, Open University, Milton Keynes.

Stettner, L. (1979) Untitled unpublished manuscript on British worker co-operatives. Research sponsored by the CDA.

Tynan, E. and Thomas, A. (1981) Careers of Activists in Workers' Co-operatives. Working paper. Co-operatives Research Unit, Open University, Milton Keynes.

2) Secondary Sources

Abell, P. (1977) 'Notes towards a definition of democratic organisation'. Paper for the Second World Conference on Participation and Self-Management, Paris.

Abrahamsson, B. (1977) Bureaucracy or Participation: The Logic of Organisation. Beverly Hills, Calif., and London: Sage.

Adizes, I. (1971) Industrial Democracy: Yugoslav Style. New York: Free Press.

Alderfer, C. (1976) 'Change processes in organisations', Chapter 36. M.D. Dunnette (ed.), Handbook of Industrial and Organisational Psychology. Chicago: Rand McNally.

Argyris, C. (1957) Personality and Organization. New York: Harper.

Bachrach, P. (1967) The Theory of Democratic Elitism. Boston: Little-Brown.

Barber, B. (1984) Strong Democracy. London: University of California Press.

Bernstein, P. (1976) Workplace Democratisation: Its Internal Dynamics. Kent, Ohio: Kent State University Press.

Beechey, V. (1978) 'Women and production: a critical analysis of some sociological theories of women's work', A. Kuhn and A. Wolpe (eds) Feminism and Materialism. London: Routledge and Kegan Paul.

Blumberg, P. (1968) Industrial Democracy. New York: Schocken Books.

Bonner, A. (1961) British Co-operation: The History, Principles and Organisation of the British Co-operative Movement. Manchester: Co-operative Union.

Bradley, K. and Gelb, A. (1983) Worker Capitalism: The New Industrial Relations. London: Heinemann.

Bray, J. and Falk, N. (1974) Towards a Worker Managed Economy. Fabian Tract 430. London: Fabian Society.

Brigham, E.F. (1986) Fundamentals of Financial Management. Chicago: Dryden Press.

Broadway, F. (1976) Upper Clyde Shipbuilders: A Study of Government Intervention in Industry. London: Centre for Policy Studies.

Brown, H. and Hosking, D., 'Distributed leadership and skilled performance as successful organisation in social movements'. Human Relations, 39(1): 65-79.

Brown, R. (1976) 'Women as employees: some comments on research in industrial sociology', D. Barker and S. Allen (eds), Dependence and Exploitation in Work and Marriage. London: Longman.

Burchall, S., Clubb, C. and Hopwood, A. (1985) 'Accounting in its social context: towards a history of value added', Accounting, Organisations and Society, 10: 381-413.

Burns, T. and Stalker, G. (1961) The Management of Innovation. London: Tavistock.

Campbell, A., Keen, C., Norman, G. and Oakeshott, R. (1977) Worker Owners: The Mondragon Achievement. London: Anglo-German Foundation.

Campbell, A. (1982) 'Worker Ownership', ICOM Pamphlet No. 4.

Carnoy, M. and Shearer, D. (1980) Economic Democracy. White Plains, N.Y.: M.E. Sharpe, Inc.

Case, J. and Taylor, R. (eds) (1979) Co-ops, Communes and Collectives: Experiments in Social Change in the 1960s and 1970s. New York: Pantheon Books.

Chaplin, P. (1982) 'Co-operatives in Contemporary Britain', Perspectives on a Decade of Small Business Research: Bolton Ten Years On, J. Stanworth, A. Westrip, D. Watkins, and J. Lewis (eds). London: Gower.

Chiplin, B. and Sloane, P.J. (1976) Sex Discrimination in the Labour Market London: Macmillan.

Chiplin, B. and Wright, M. (1980) 'Divestment and Structural Change in UK Industry'. London: National Westminster Bank Review.

Clarke, T. (1979) 'The market constraints to self-management: the experience of a British workers' co-operative', in H.C. Jain (ed.), Workers' Participation: Success and Problems. New York: Praeger.

Coates, K. (ed.) (1976a) The New Worker Co-operatives. Nottingham: Spokesman Books.

Coates, K. (1976b) 'Some questions and some arguments', in K. Coates (ed.). The New Worker Co-operatives. Nottingham: Spokesman Books.

Cockburn, C. (1983) Brothers. London: Macmillan.

Cole, G.D.H. (1925) Life of Robert Owen. London: Macmillan.

Cole, G.D.H. (1944) A Century of Co-operation. London: Allen & Unwin.

Cornforth, C. (1981) The Garment Co-operative. Milton Keynes: Co-operatives Research Unit, Open University.

Cornforth, C. (1983) 'Some factors affecting the success or failure of worker co-operatives: a review of empirical research in the UK'. Economic and Industrial Democracy, 14(2): 163-90.

Cornforth, C. (1984) 'The role of local co-operative development agencies in promoting worker co-operatives'. Annals of Public and Co-operative Economy, 3: 253-79.

Cornforth, C. (1988) 'Worker co-operatives: temporary phenomenon or growing trend', in C. Lammers and G. Szell (eds), Handbook of Participation in Organizations. Oxford: Oxford University Press.

Cornforth, C. and Thomas, A. (1980) 'A model of decision-making for worker co-operatives', in Proceedings of the Fifth Co-operative Seminar. Oxford: Plunkett Foundation of Co-operative Studies.

Cornforth, C., Thomas, A., Lewis, J. and Spear, R. (1988) Developing Successful Worker Co-operatives. London: Sage.

Cummings, T.G. (1978) 'Self-regulating work groups: a socio-technical synthesis', 3 Academy of Management Review.

Curran, J. (1986) Bolton Fifteen Years On: A Review and Analysis of Small Business Research in Britain 1971-1986. London: Small Business Research Trust.

Curran, J. and Stanworth, J. (1986) 'A new look at job satisfaction in the small firm', in J. Curran, J. Stanworth and D. Watkins (eds), The Survival of the Small Firm: Employment, Growth, Technology and Politics. Vol. 2. Aldershot: Gower.

Dahl, R. and Tufte, E. (1974) Size and Democracy. Stanford University Press.

Dale, A. and Glover, J. (1990), 'An analysis of women's employment patterns in the UK, France and the USA'.London: ED Research Paper No. 75.

Derrick, P. (1980) 'The Co-operative Productive Federation', In the Making Vol. 7.

Dewey, J. (1916) Democracy and Education. New York: Macmillan Co.

Douglas, T. (1983) Groups: Understanding People Gathered Together. London: Tavistock.

Duncan, R.B. (1971) 'The effects of perceived environmental uncertainty on organisational decision unit structure', unpublished Ph.D. dissertation, Yale University.

Eaton, J. (1979) 'The Basque workers' co-operatives', Industrial Relations Journal. Vol. 10. No. 3.

Eccles, T. (1981) Under New Management. London: Pan.

Ellerman, D. (nd) 'The Mondragon Co-operative Movement'. Cambridge, Mass.: Harvard Business School Case Study.

Ellerman, D. (1984) 'What is a Worker Cooperative?', Somerville, Mass.: Industrial Cooperative Association, Inc.

Ellerman, D. (1984) 'Workers' co-operatives: the question of legal structure', in R. Jackall and H. Levin (eds), Worker Co-operatives in America. Berkeley, Calif.: University of California Press.

Ellerman, D. (1988) 'Worker ownerships legislation in America', in E. Bayley and E. Parnell (eds), Yearbook of Co-operative Enterprise. Oxford: Plunkett Foundation of Co-operative Studies.

Finley, L. (1986) 'Transcending equality theory: a way out of the maternity and the workplace debate', Columbia Law Review.

Flanders, A., Pomeranz, R. and Woodward, J. (1968) Experiment in Industrial Democracy: A Study of the John Lewis Partnership. London: Faber and Faber.

Fox, A. (1980) 'The meaning of work', in G. Esland and G. Salaman (eds), The Politics of Work and Occupations. Milton Keynes: Open University Press.

Freeman, J. (1972) 'The tyranny of structurelessness'. Berkeley Journal of Sociology, 17: 151-64.

Freshfields, 'Companies Act 1980 : A Guide for Clients' (1980), published by the authors.

Fryer, J. (1982) 'Legal Structures for Co-operatives'. Leeds: Beechwood College Publications.

Gips, R. (1982) 'Structuring Employee Owned and Democratically Controlled Businesses'. Somerville, Mass.: Industrial Cooperative Association, Inc.

Goldthorpe, J., Lockwood, D., Bechhofer, F. and Platt, J. (1968) The Affluent Worker: Industrial Attitudes and Behaviour. Cambridge: Cambridge University Press.

Goldthorpe, J.H., Lockwood, D., Bechhofer, E. and Platt, J. (1969) The Affluent Worker in the Class Structure. Cambridge: Cambridge University Press.

Goldthorpe, J.H. (with C. Llewellyn and C. Payne) (1980) Social Mobility and Class Structure in Modern Britain. Oxford: Clarendon Press.

Gooding, R.Z. and Wagner, J.A. (1985) 'A meta-analytic review of the relationship between size and performance: the productivity and efficiency of organisations and their subunits', 30 Administrative Science Quarterly.

Gowler, D. and Legge, K. (1982) 'Dual-Worker Families', Chapter 6. R.N. Rapoport, M.P. Fogarty and R. Rapoport (eds), Families in Britain London: Routledge and Kegan Paul.

Goyder, G. (1961) The Responsible Company. Oxford: Blackwell.

Granrose, C.S. and Hochner, A. (1985) 'Are Women Interested in Saving Their Jobs Through Employee-Ownership?' Economic and Industrial Democracy. London: Sage.

Gregory, D. and Logan, C. (1982) 'The Wales TUC: On Prospects for Workers' Cooperatives'. Economic and Industrial Democracy 3.

Guzzo, R. (1988) 'Improving work-group effectiveness', Chapter 29. R.S. Schuler, S.A. Youngblood, and V. Huber, Readings in Personnel and Human Resource Management, 3rd ed. St. Paul, Minnesota: West Publishing Co.

Hackman, R. and Oldham, G. (1980) Work Redesign. London: Addison-Wesley.

Hackman, J.R. (1987) 'The design of work teams', Chapter 20. J.W. Lorsch, (ed.), Handbook of Organisational Behaviour. Englewood Cliffs: Prentice-Hall.

Hennig, M. and Jardim, A. (1978) The Managerial Woman. London: Pan Books.

Herzberg, F. (1968) 'One more time: How do you motivate employees?' Harvard Business Review.

Holyoake, G.J. (1906) The History of Co-operation. Vol. II. London: Fisher Unwin.

Hordern, A. (1971) Legal Abortion: The English Experience. Oxford: Pergamon Press.

Hyman, R. (1981) 'Producer Co-operatives and the British Labour Movement: An Historical Perspective'. Paper for the Conference on Industrial Democracy, Gilleje, Denmark.

ICA (1982) 'The Design of Governance Systems for Small Worker Co-operatives'. Somerville, Mass.: Industrial Co-operative Association.

IDS Top Pay Unit (1990), 'Policy lines'. 109 IDS Review, pp. 2-3.

Janis, I. (1972) Victims of Groupthink. New York: Houghton Mifflin.

Jay, P. (1980) 'The workers' co-operative economy', in A. Clayre (ed.), The Political Economy of Co-operation and Participation. Oxford: Oxford University Press.

Jefferis, K. and Thomas, A. (1987) 'Measuring the performance of worker co-operatives', in T. Hopper and D. Cooper (eds), Critical Accounts. London: Macmillan.

Johnson, A. and Whyte, W. (1979) 'The Mondragon System of Worker Production Co-operatives', Industrial and Labour Relations Review. Vol. 31, No. 1.

Jones, D.C. (1975) 'British producer co-operatives and the views of the Webbs on participation and the ability to survive', Annals of Public and Co-operative Economy, 46: 23-44.

Jones, D.C. (1976) 'British producer co-operatives', in K. Coates (ed.), The New Worker Co-operatives. Nottingham: Spokesman Books.

Jones, D.C. (1980) 'Producer cooperatives in western economies', British Journal of Industrial Relations, 18: 140-2.

Jones, D.C. (1982) 'British producer co-operatives, 1948-1968: productivity and organizational structure', in D.C. Jones and J. Svejnar (eds), Participatory and Self-Managed Firms. Lexington, Mass.: Lexington Books.

Joseph, G. (1983) Women at Work: The British Experience. Oxford: Philip Allan.

Kanter, R. (1977) Men and Women of the Corporation. New York: Basic Books.
Kanter, R.M. (1983) The Change Masters. New York: Simon & Schuster.
Kimberly, J.R. (1976) 'Organisational size and the structuralist perspective: a review, critique, and proposal', 21 Administrative Science Quarterly.
Kimberly, J.R. (1987) 'The study of organisation: toward a biographical perspective', Chapter 14. J.W. Lorsch (ed.), Handbook of Organisational Behaviour. Englewood Cliffs: Prentice-Hall.
Koziara, K. and Pierson, D. (1981) 'A lack of female union leaders: a look at some reasons', Monthly Labor Review. Vol. 104.
Lasserre, G. (1959) 'Co-operative Enterprises'. Manchester: Co-operative Union.
Lenny, E. (1977) 'Women's self-confidence in achievement settings', Psychological Bulletin. Vol. 84.
Lewis, C. (Nov. 1990) 'Pay in Great Britain'. Employment Gazette, p. 572.
Lindenfeld, F. (1982) 'Worker co-operatives: remedy for plant closings?', F. Lindenfeld and J. Rothschild-Whitt (eds), Workplace Democracy and Social Change. Boston, Mass.: Porter Sargent.
Lockett, M. (1978) 'Fakenham Enterprises'. Milton Keynes: Co-operative Research Unit, Open University.
Lockett, M. and Paton, R. (1979) 'The Jewellery Co-operative'. Milton Keynes: Co-operative Research Unit, Open University.
Lockett, M. (1980) 'Workers' co-operatives as an alternative organisational form: incorporation or transformation?', in G. Salaman (ed.), International Yearbook of Organisation Studies. London: Routledge & Kegan Paul.
Mahoney, N. (April 1982) 'Financing Worker Co-operatives'. Paper for the Plunkett Foundation Seventh Co-operative Seminar, Oxford.
Mandel, E. (1975) 'Self-management dangers and possibilities', International, 2/3: 3-9.
Mason, R. (1982) Participatory and Workplace Democracy. Carbondale, Ill.: Southern Illinois University Press.
Maxwell, Rev. J.F. (1962) 'Should Christians Press for Revision of Company Law?', University of Detroit Law Journal. Vol. xl, No. 1.
McKay, R. and Barr, B. (1976) The Story of the Scottish Daily News Edinburgh: Canongate.
Michels, R. (1949) Political Parties: A Sociological Study of Oligarchical Tendencies of Modern Democracy. New York: Free Press.
Milford, P. (1986) 'Worker co-operatives and consumer co-operatives: can they be combined?', in S. Jansson and A.B. Hellmark (eds), Labor-Owned Firms and Workers' Co-operatives. Aldershot: Gower.
Mill, J.S. (1909) Principles of Political Economy. London: Longmans.
Miller, D. and Friesen, P.H. (1984) 'A longitudinal study of the corporate life cycle', Management Science. Vol. 30.
Mintzberg, H. and McHugh, A. (1985) 'Strategy formation in an adhocracy', 30 Administrative Science Quarterly.
Mutual Aid Centre (1981) Prospects for Workers' Co-operatives in Europe. London: Mutual Aid Centre.
Myrdal, A. and Klein, V. (1968) Women's Two Roles. London: Routledge and Kegan Paul.
Naugton, T. (1981) Work-Aid: Business Management for Co-operatives and Community Enterprises. Kent: Commonwork Publications.
Oakeshott, R. (1978) The Case for Workers' Co-ops. London: Routledge & Kegan Paul.
O'Donovan, K. (1981) Men's Studies Modified: The Impact of Feminism on the Academic Disciplines. D. Spender (ed.). Oxford: Pergamon Press.

Owen, D. (1980) 'Co-operative Ownership'. ICOM/Co-operative Party Pamphlet.

Pateman, C. (1970) Participation and Democratic Theory. Cambridge: Cambridge University Press.

Paton, R. and Lockett, M. (1976) 'Airflow Developing: A Report to the Airflow Community on the Impact and Development of Common Ownership'. Milton Keynes: Co-operative Research Unit, Open University.

Paton, R. (1978a) Fairblow Dynamics. Milton Keynes: Co-operatives Research Unit, Open University.

Paton, R. (1978b) Some Problems of Co-operative Organisation. Milton Keynes: Co-operatives Research Unit, Open University.

Paton, R. with Lockett, M. (1979) 'Fairblow Dynamics Ltd: Participation and Common Ownership'. Milton Keynes: Co-operative Research Unit, Open University.

Paul VI, Pope (1967) Populorum Progressio (The Development of Nations). Rome: Vatican.

Peters, T.J. and Waterman, R.H. (1982) In Search of Excellence. New York: Harper & Row.

Pius XII, Pope (1959) Menti Nostrae (The Priestly Life). New York: Catholic Truth Society.

Robinson, M. and Paton, R. (1983) 'Worker Information Systems & the Development of Large Co-operatives'. Milton Keynes: Co-operative Research Unit, Open University.

Ropo, A. (1989) 'Leadership and organizational change', Acta Universitatis Tamperensis series A v. 280. Tampere: University of Tampere.

Rosener, J. (1990) 'Ways women lead'. Harvard Business Review (Nov.-Dec. 1990), pp. 119-125.

Rothschild-Whitt, J. (1976) 'Problems of Democracy', Working Papers for a New Society. Vol. IV, No. 3.

Rothschild-Whitt, J. (1976) 'Conditions facilitating participatory democratic organisation', Sociological Inquiry, 46: 75-86.

Rothschild-Whitt, J. (1979) 'The collectivist organisation: an alternative to rational bureaucratic models', American Sociological Review, 44: 509-27.

Rousseau, Jean-Jacques (1913) 'A Discourse on Political Economy,' Social Contract and Discourses. London: Dent.

Russell, R. (1985) Sharing Ownership in the Workplace. Albany, NY: State University of New York Press.

Sachs, A. and Wilson, J.H. (1978) Sexism and the Law: A Study of Male Beliefs and Legal Bias in Britain and the United States. New York: The Free Press.

Saglio J. and Hackman, J.R. (1982) 'The design of governance systems for small worker cooperatives'. Somerville, Mass.: Industrial Cooperative Association.

Scott, M. (1982) 'Mythology and misplaced pessimism: the real failure record of new small businesses', in D. Watkins, J. Stanworth and A. Westrip (eds), Stimulating Small Firms. Aldershot: Gower.

Shaw, M.E. (1981) Group Dynamics. New York: McGraw-Hill.

Shea, G.P. and Guzzo, R.A. (1987) 'Groups as human resources', 5 Personnel and Human Resources Management.

Spanish Cardinals and Archbishops (5 Aug. 56) Joint Declaration.

Statement of the American Archibishops and Bishops (Feb. 1940) 'On the Church and Social Order'. New York: Administrative Board of the NCWC.

Stephen, F. (1984) The Economic Analysis of Producers' Co-operatives. London: Macmillan.

Street, R.A. (1982) 'The Co-operative Bank's Experience in Advising and Financing Workers Co-operatives'. Paper for the Plunkett Foundation Seventh Co-operative Seminar, Oxford.

Swap, W.C. and Associates (1984) Group Decision Making. London: Sage.

Thornley, J. (1981) Workers' Co-operatives: Jobs and Dreams. London: Heinemann.

Tolley's Corporation Tax 1984-85 §§ 1.3, 30, 53.

Tynan, E. (1980a) Sunderlandia. Milton Keynes: Co-operative Research Unit, Open University.

Tynan, E. (1980b) Unit 58. Milton Keynes: Co-operative Research Unit, Open University.

Tynan, E. (1984) 'Little women', in R. Paton et al. (eds), Organisations: Cases, Issues and Concepts. London: Harper & Row.

Tynan, E. and Thomas, A. (1984) KME: Working in a Large Co-operative. Milton Keynes: Co-operative Research Unit, Open University.

Wagstaff, R.W. (1977) 'Case Study: Scott Bader Company Limited'. Cranfield Institute of Technology.

Wajcman, J. (1983) Women in Control. Milton Keynes, Open University Press.

Webb, S. and Webb, B. (1914) 'Co-operative production and profit sharing'. New Statesman (special supplement).

Webb, S. and Webb, B. (1921) Consumers' Co-operative Movement. Published by the authors.

Weiner, H. with Oakeshott, R. (1987) Worker Owners: Mondragon Revisited. London: Anglo-German Foundation.

Wild, R. and Hill, A.B. (1970) Women in the Factory: A Study of Job Satisfaction and Labour Turnover, Institute of Personnel Management.

Wilson, N. (1982) 'Economic aspects of worker co-operatives in Britain: recent developments and some evidence', in Proceedings of the Seventh Co-operative Seminar. Oxford: Plunkett Foundation for Co-operative Studies.

Wright, D. (1979) Co-operatives and Community. London: Bedford Square Press of the National Council.

Young, M. and Willmott, P. (1973) The Symmetrical Family. London: Routledge and Kegan Paul.

Young, M. and Rigge, M. (1983) Revolution from Within: Co-operatives and Co-operation in British Industry. London: Weidenfield & Nicolson.

Zwerdling, D. (1980) Workplace Democracy. Washington: Association for Self-Management.