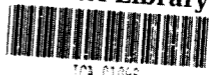


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VIEW OF INTERNATIONAL CO-OPERATION

VOLUME 89 N°1 1996

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The length of articles submitted should be a maximum of 10 pages typed in double spacing. If possible, please submit both a hard copy and a disquette stating which word processing software was used on IBM compatible or Macintosh hardware or E-mail to treacy@coop.org

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Editorial

The International Co-operative Alliance celebrated 100 years of service to the world's co-operative federations last year and its official organ, the ICA Review of International Co-operation while not having reached a century, also has a long history behind it.

The Review of International Co-operation started life as the International Co-operative Bulletin in April 1908 with three major aims: to collect and distribute news of the most important events in the movement and of its progress in all countries, to report on matters connected with the business of the Alliance and the work of its Committees and to register all co-operative literature as it appears and to give summaries of all the more important works.

The 1921 Congress Report informs us that the Bulletin continued throughout the First World War "though somewhat reduced in size and restricted in exact information". Efforts were made to keep its cost within reasonable limits but, due to increased costs of production and dispatch, it cost the organisation over 37 percent of its overall membership income in 1920.

The Review of International Co-operation (four issues annually, including the Annual Report) and the ICA News (six issues) are the current official organs of the ICA which endeavour to continue the excellent tradition and meet the original objectives of the Bulletin, in addition to keeping up the evolving needs of our ever-increasing international membership.

To mark the Organisation's entrance into a new century the ICA News and the Review of International Co-operation have been given a new look for 1996, incorporating the new logo which the ICA adopted following the Centennial Congress.

While the original bulletin appeared in German, French and English, the Review now appears in English and Spanish versions only, the German issue having been discontinued many years ago and the French issue having been discontinued in 1987 due to lack of subscriptions.



The Review of International Co-operation is translated and published in Spanish by INTERCOOP Editora, Argentina, and the ICA wishes to thank this organisation for its excellent collaboration. ICA members in Latin America, however, have expressed a wish to receive the ICA News in Spanish also and the ICA has responded to this request. In 1996 the ICA News will be translated into Spanish in Costa Rica and will be distributed by our Regional Office for the Americas.

It is difficult to make exact comparisons. However, the printing, translation and dispatch costs of all the ICA head office's regular publications, including the Review (in English) and the News (in English and Spanish), the Membership Directory, Studies and Reports, Press Packs, Co-op Day Message and other incidental materials account for just under 7.5 percent of the ICA's membership income for 1996. While realising the importance of regularly communicating with our members, efforts are continually made to keep these charges as low as possible without losing out in quality or speed of delivery.

Since the Centennial Congress, many ICA staff have expressed the need for further channels through which they can inform the ICA Board and indeed the ICA membership in general about the extensive and new initiatives in which the Secretariat is engaged. The Annual Report is one vehicle for communicating the Secretariat's work, but it is not an adequate platform for giving sufficient detail about the various projects. Therefore, the ICA Director-General agreed that the ICA Review could be used more extensively to cover different aspects of the Secretariat's work.

This issue, therefore, includes a number of articles by several members of the head office staff, including special sections on health co-operatives and gender issues within co-operatives. Staff members have also contributed articles on Development and on the Priorities of ICA Europe, as well as several book reviews.

In addition to the New Year Message from the new ICA President, Graham Melmoth of CWS (UK), this issue also focuses on the Internet and the new electronic information technology and its implications for co-operatives. Reflecting our concern that this new medium becomes a useful tool for all our members, including those from the developing world, we have reproduced two articles from the UNESCO Sources No. 75 special section on the Information Superhighway, giving an update on the availability and future potential of this new technology in Asia and the Pacific and in Africa.

This issue also contains an overview of the 1995 Profile on Agricultural Co-operation throughout the World, which is a summary of a study on agricultural

co-operatives worldwide, published by the Centre de Gestion des Coopératives of the Ecole de Hautes Etudes Commerciales in Canada. Finally, articles relating to 75 Years of ILO work promoting co-operatives and collaboration between the ILO Co-operative Branch and the ICA, and articles which relate to follow-up to the UN conferences on Women and the HABITAT II Conference to take place this July in Istanbul reflect the increasing role which ICA is playing on behalf of its members within the UN system.

We also wished to include information about the new ICA Board Members in this issue but time restrictions made this impossible. These will therefore be included in the next issue which will meet a long unfulfilled need, being almost exclusively dedicated to publicising the work of the ICA's Specialised Committee for Research.

In a small office team-work is essential. In order for a Communications Programme to work efficiently it is essential that material is received from each and every staff member. I would, therefore, like to take this opportunity to thank my colleagues for their continuous contribution and lively input, without which we could not serve our members' information needs effectively.

In 1996 we will continue to keep our readers informed of the activities of the ICA Secretariat and the work of its Specialised Bodies as well as important events and initiatives of the movement world-wide. We look forward to hearing from our readers and will endeavour to include your contributions whenever possible. May 1996 be a fruitful year for co-operators wherever you may be.

Mary Treacy

Theme for International Co-operative Day

Co-operative Enterprise: - Empowerment for People-centred Sustainable Development

Empowerment for People-centred Sustainable Development has been chosen as the theme for this year's International Day of Co-operatives. The theme was chosen in consultation with the United Nations and with the new ICA President, Mr. Graham Melmoth.

The theme will enable the ICA to give prominence to the new Co-operative Principles while linking to a variety of issues of importance to the United Nations in 1996.

ICA will provide input to the International Year for the Eradication of Poverty 1996, which will focus on the need for people-centred, sustainable development to reduce unemployment and hunger, empower women and provide basic services. The theme will also follow-up the major UN conferences — the World Summit for Social Development, the Fourth World Conference on Women, and the United Nations Conference on Human Settlements (Habitat II) — all of which call on governments to create partnerships with co-operatives as a means of tackling today's most urgent problems.

The International Day of Co-operatives will be officially celebrated on 6 July 1996, by the United Nations and by co-operatives around the world.

The International Co-operative Alliance is an independent, non-governmental association which unites, represents and serves co-operatives worldwide. The ICA was founded in London in 1895. Its members are national and international co-operative organisations in all sectors of activity including agriculture, banking, energy, industry, insurance, fisheries, housing, tourism and consumer co-operatives. ICA has more than 230 member organisations from over 100 countries, representing more than 760 million individuals worldwide.

In 1946, the ICA was one of the first non-governmental organisations to be accorded United Nations Consultative Status. Today it is one of the sixty-nine organisations holding Category 1 Consultative Status with the UN Economic and Social Council (ECOSOC).

Co-operatives worldwide have been celebrating International Co-operative Day since 1923, when the Day was initiated to strengthen the unity of the Alliance and as a means of publicising the Co-operative Movement worldwide. In 1992, the United Nations General Assembly proclaimed the first Saturday of July 1995 to be United Nations International Day of Co-operatives, marking the centenary of the establishment of the International Co-operative Alliance. In 1994, it invited the international community to observe this Day annually, starting from 1995. In this way the United Nations intends its own celebrations to support and extend those of the international co-operative movement.

President's Message

Dear Co-operative Friends,

The Centenary of the foundation of the International Co-operative Alliance was successfully celebrated at the Centennial Congress last September. It provided enduring memories for those Co-operative friends who came to Manchester from all over the world: old friends and new friends coming together solemnly to adopt the new Statement of Identity, establishing and reinforcing Co-operative Principles for the new Millennium.

ICA Priorities

Co-operators cannot, however, live on memories alone. The significance of the Manchester Congress was that it marked the beginning of a second century of International Co-operation. The ICA Board took up this challenge, at the time of a very successful Regional Conference for the Americas, when it met in Miami in December, 1995, to review in depth the ICA's mission, goals and strategies. It was in 1988 that, with the intention of focusing ICA's resources effectively, the present ICA work priorities were established. In Miami the ICA Board agreed that these priorities should continue to drive the Alliance. They are:

(1) to promote and defend Co-operative values and principles as now enunciated in the new Statement of Identity;



- (2) to serve as a forum and network to promote joint action with the membership;
- (3) to disseminate information about and on behalf of Co-operatives;
- (4) to act as a catalyst for Co-operative development; and
- (5) to represent and speak on behalf of Co-operatives to governments and to the United Nations.

Finance and Rules Committee

The Board further decided both to look outwards to put into action the new work programme and internally to deal with more domestic issues. In the latter case, it was felt timely to review aspects of the rules of the Alliance

adopted by the Tokyo Congress in 1992. The Board appointed a small group of its members to conduct such a review and report to the Board when it meets in Beijing in June, 1996. I will chair this group which includes Raija Itkonen of Finland, Yehudah Paz of Israel, and Etienne Pflimlin of France. We will, of course, be advised by Bruce Thordarson, the Director-General. Amongst our concerns we will consider the *financing of the Alliance*, including the various subscription formulae, as set out in the procedures Chapter which accompanies the published ICA Rules, and also eligibility for membership of the ICA.

Relationship with Specialised Bodies

The Board was concerned that the relationships between the Alliance and its Specialised Bodies were not sufficiently strong and clear, and that the degree of collaboration between the ICA and those organisations varied from one to another. To achieve closer and effective working relationships, the Board has appointed a number of its members to liaise with the Specialised Bodies and to report regularly to the Board on their operations. Likewise these Board members will report to the Specialised Bodies about the concerns of the Board on any particular issue. As a further step to cement these relationships, the secretaries of the Specialised Bodies will meet twice a year in Geneva under the chairmanship of the Director-General.

Enfranchisement of Women

ICA will work more closely with the United Nations and the International Labour Organisation (ILO) especially

to progress gender issues. The ILO with the ICA have just jointly published a report entitled "Two Hours on Gender Issues in Co-operatives" as an introduction for Co-operative leaders. The Board recognises that the ICA's governing bodies need to come to terms with the lack of progress in integrating women into the decision-taking counsels of Co-operatives and the Board itself will promote this issue as a priority.

International Co-operative Day

The relationship with the United Nations is crucial too in propagating the revised Co-operative Principles. I urge member organisations to find new ways of publicising the new Statement of Identity in their own languages by arranging special events in their countries to coincide with the 74th International Co-operative Day, to be held on Saturday 6 July 1996. We have an important opportunity to make an impact on the perceptions of Co-operatives held by opinion formers around the world.

Co-operative Development

All these issues in a sense come together in Co-operative development. The General Assembly last September adopted a resolution calling for the setting up of a Development Trust Fund. At its Beijing meeting in June the Board expects to finalise preparations for the launch of the Trust Fund in the autumn of this year.

Development is an issue of concern to Co-operators worldwide, yet each Region has its particular development needs. In Europe, collaboration be-

tween Eastern and Western Movements continues to drive the development of Co-operation in Central and Eastern Europe. In this regard, it is pleasing that the growing strength of the workers Co-operative sector in Russia today is making itself felt. In 1992 Coop Network was set up to facilitate development assistance for the Co-operative movements emerging from the economies of the former Comecon countries. This work has since become a priority of ICA Europe itself. The European Council and the Board will be considering in coming months how best the work hitherto carried out by Coop Network may be fully integrated into the ICA.

Regional Assemblies

I am looking forward to attending all of the Regional Assemblies in 1996, in Kuala Lumpur in June, in Budapest in October, Costa Rica in November and not least Dakar, Senegal, in August. The concerns of the African Continent must find a particular resonance with the ICA Board. The Co-operative needs of Africa cry out for special attention. I hope that the proposed Development Trust can make a contribution towards finding Co-operative solutions to some of the intractable problems of this Continent.

Graham Melmoth

The Information Superhighway Opportunities for Co-ops

by Bruce Thordarson*

Introduction

This article will concentrate on how the electronic network can help co-operatives around the world deal with some of their major problems, and to explain a little bit about what is happening today, especially at the global level.

World-Wide Co-operative Network

Anyone who has had much association with co-operatives knows that they have one major strength—their decentralised structure—as well as one major weakness—their decentralised structure. Much of the history of co-operative development around the world has centred on the quest to maximise the strengths of this unique characteristic, while minimising its weaknesses.

Nowhere is this weakness more apparent than in the field of information. Even among otherwise well-informed opinion-makers, politicians, journalists, and so on, the lack of understanding about the co-operative form of enterprise is almost frightening. In business schools, learned journals, and economic text-books, there is an equal



dearth of solid information about co-operative values, principles, and operating practices. In the mass media, how often does one hear about co-operatives other than when one has gone bankrupt—as if this does not happen to partnerships, joint stock companies, and other forms of investor-owned business every day.

This information gap is even more striking when one compares it with the true picture of co-operative business today. At the global level, more than 700 million people -operatives which are affiliated with the International Co-operative Alliance—and to this must be added many million members of informal, unstructured, or unaffiliated organisations. Co-operatives are market leaders in agriculture and personal

* Mr Thordarson, Director-General of the International Co-operative Alliance, prepared this article for a conference in November 1995.

finance in many countries. Around the world they occupy important market shares in five major sectors: consumer retailing, agricultural production and processing, banking and insurance, worker-owned production, and service provision.

The Challenges for Co-operatives

As co-operatives look ahead to the next century, this gap between reality and public perception must be one of their major concerns and challenges. How to better inform decision-makers, media, researchers—and above all, young people—about the true nature and strength of co-operative enterprise?

How the Internet Can Help

At ICA we are convinced that one of the most promising directions for the future is the information super-highway. On the one hand, it builds upon a traditional co-operative strength: a non-hierarchical, bottom-up structure. On the other, it helps to compensate for a major co-operative weakness: its decentralised, diversified structure, which makes information-collection and information-distribution both expensive and difficult.

We all can have different ideas about how dominant the role of electronic networking will become in the years ahead. Whether or not the phenomenal growth rates of Internet connections of recent years will continue remains to be seen. But there can be little doubt that the electronic network will be a growing, and highly significant source of information in the future. Co-operatives will ignore it at their peril.

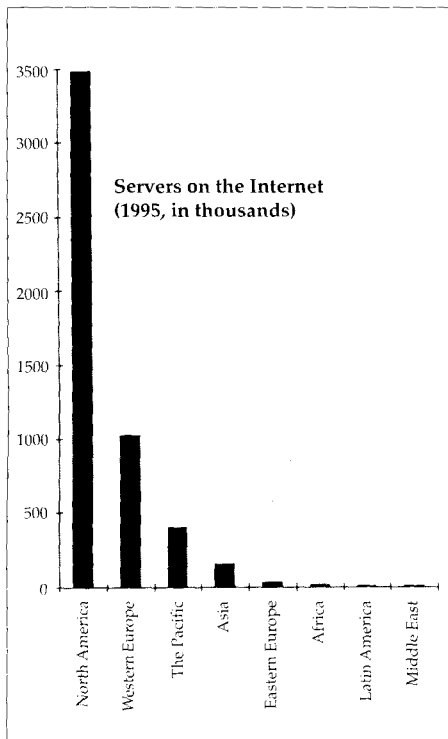
Electronic Networking Project

The ICA's head office in Geneva began researching electronic networking possibilities over two years ago, and implemented a strategy based on this research in April 1994. It was based on two elements: internal communications and external information.

The first challenge, still far from being realised, is to make full use of the communications possibilities of the Internet within the ICA family. We define this family to include our Head office, four Regional Offices, a couple of Project Offices, 14 Specialised Organisations and Committees in different parts of the world, development partners, and—of course—our more than 200 member organisations.

Surprisingly enough, we have found that our small office is ahead of almost all of them in thinking about the potential for using e-mail, listservers, bulletin boards, and conferences in order to improve the efficiency and to lower the costs of communications. One of the highlights of the ICA's Centennial Congress, held in Manchester in September, was the hands-on presentations organised by our Communications staff, in collaboration with the host organisations, to show delegates exactly what could be accomplished.

One area about which we are quite concerned is to ensure that this new information technology does not broaden the disparity between developing countries and the rest of the world. We have therefore gone to considerable efforts to ensure that our Regional Offices in India, Tanzania, Côte



Reprinted from the Report of the World Commission on Culture and Development (1995)

d'Ivoire, and Costa Rica can access and contribute to our on-line activities.

We have also developed a strategy which is backwards compatible to ensure that ICA members in countries which do not have access to high-bandwidth Internet lines can contribute to and benefit from the project. ICA has also become a founding member of the first European chapter of the Internet Society, and will take part in its special working group on development, which is designed to facilitate the transfer of technology to the developing world.

The second part of the programme is designed to put co-operative informa-

tion into the Internet, free of charge, in order to improve understanding about co-operatives.

ICA began establishing the co-op presence on the Internet in four stages in collaboration with the University of Wisconsin: input of co-operative materials into existing discussion groups; setting up a Listserver where information and messages can be posted on certain topics; establishment of a Gopher; and creation of World Wide Web pages—probably the best way to structure information in a useable manner. All of the above objectives have now been achieved but much work needs to be done on building up these information tools and on promoting them to our members and the world at large.

The biggest step in this direction has been to set up an electronic information bank on co-operatives in collaboration with the University of Wisconsin's Center for Co-operatives. This is admittedly an ambitious, time-consuming, and expensive undertaking, but the effort seems to us to be fully warranted in light of the huge problems which misunderstanding and lack of information cause to co-operatives around the world. And what better tool can there be to reach the millions of young decision-makers of the future—an often-neglected target in co-operative activities and programmes.

Implications for Co-operatives

Co-ops usually want to know about the potential of the Internet for promoting trade and other forms of com-

mercial activity. On the one hand, one can assume that any technique which facilitates improved communications is bound to be good for business—one need only think of what doing business was like in the days before the fax machine. On the other hand, although the Internet is a global phenomenon, the bulk of cybertrade has remained within national borders. Problems of security of information and the lack of global agreements regarding international payments, liability and taxation have not yet been resolved, even though experts are working to resolve them and to guarantee reliability of service (i.e. that Web sites etc. can be accessed around the clock) which is not yet possible.

One of the greatest advantages of the electronic network will be to reduce distances. When one thinks that we in Geneva could send a message as quickly, and as cheaply, to a co-operative in Japan as we could to one in Switzerland—not to mention the possibilities of multi-media communications—one can imagine that the distances which separate continents are going to seem much shorter in the future.

Future Directions

Coming back to the strengths and weaknesses of co-operatives—the biggest challenge in this area, as in oth-

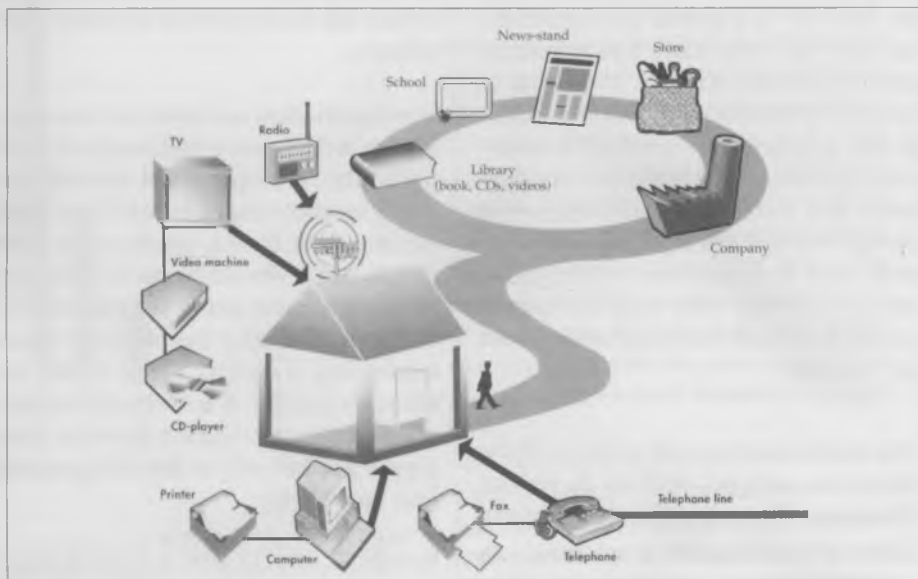
ers, will be to ensure that co-operative participation in the electronic network is organised in a coherent, compatible, mutually-beneficial manner. In other words, to ensure that each national movement, or even sector, does not develop programmes and approaches which are incompatible or even competitive.

Standardisation and information-sharing are techniques which support compatibility. Co-operatives should certainly be encouraged to start their own on-line data banks, gophers, or Web pages, but it would be good if the global programme, being coordinated by ICA, could at least be informed when something is started. This would enable us to arrive at a mutually-beneficial agreement to allow a gateway from a new gopher site to the ICA gopher, and vice-versa.

For those of you with a special interest in this area, we would be pleased to make available copies of the ICA Gopher Plan so that you can see the various directories that are now being developed—by country, by sector, by topic, and so on. With some common effort and information-sharing, the new electronic technology could help co-operatives to overcome one of their major traditional weaknesses, and to continue their progress towards meeting more and more member needs in the future.

Today . . .

Moving from the spoken to the printed word with Gutenberg before going "on air" with Marconi, the "information revolution" is now transporting us to the "bit galaxy" where information - texts, sounds



Even for someone with a comfortable standard of living in a developed country, the possibility today of receiving, transmitting and accessing different forms of information (written, audio and visual) is technically limited by geographic distance, time, diversity and quantity.

Faced with these constraints, our communication choices remain relatively narrow. We can choose from a range of radio and television channels via Hertzian waves. Telephone lines are presently the only means for instantaneous communication either by conver-

sations or written fax messages. We can always turn to the postal system, primarily for written materials, assuming that the delay in delivery doesn't pose a problem. With a trip to the nearby library, we can consult books, tapes, videos and CDs.

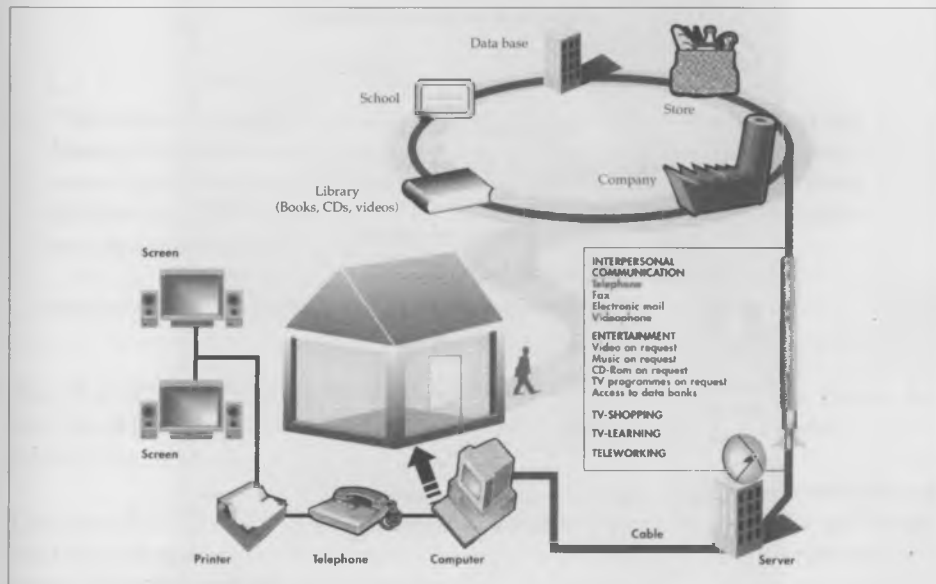
Most people must also leave home to shop, attend classes and above all, to go to work. At this point, only those who work independently have the option of staying at home. In some places, students can "tele-learn" by tuning into the appropriate channel and watching instead of interacting with their teachers.

Tomorrow, those with the sufficient technical and financial means will be able to "cable" their homes to the high-

Infography: A Darmon (UNESCO Sources No.75, Dec. 1995 - Jan. 1996)

and Perhaps Tomorrow..

and images - will instantaneously circulate around the globe in the form of numerical combinations of the digits zero and one. Consider the following pre- and post-revolutionary sketches.



ways and buy the appropriate multimedia equipment to radically change their ability to communicate.

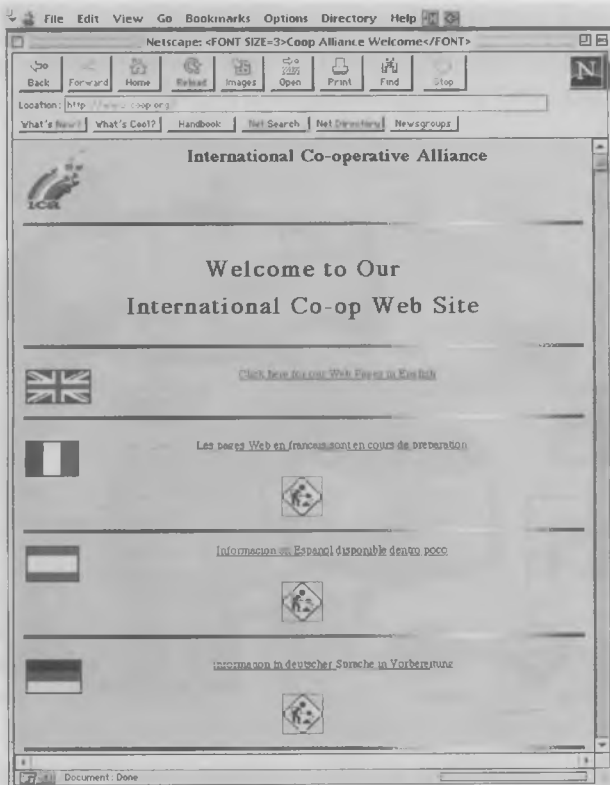
The information available will mesh words, sounds and images (multimedia) making it possible, for example, to telephone while seeing one another through videophone, and to "write" spoken or audiovisual messages thanks to "electronic mail" received seconds after being sent.

We will have almost unlimited sources of information available nearly instantaneously (give or take the minimal transmission time). "Consumers" will directly read, hear and see the newspaper, a novel, a symphony, a television programme or a film of their

choosing. They will satisfy their curiosity by consulting data banks, namely monumental encyclopedias storing multimedia information that already exists or has been recreated in a "virtual" environment.

Finally, this "interactive" communication will break down the age-old barrier between "transmitters" and "receivers" so that a completely dispersed group can work and learn simultaneously as a team.

The possibilities are nearly infinite. However, that which we can reasonably expect may be much more modest. Technology is one thing, affording it is quite another.



The first of the English Web pages in ICA's New Web Site.

Addresses:

Web Site: <http://www.coop.org>

Gopher Site: <gopher://wiscinfo.wisc.edu:70/11/.info-source/.coop>

General E-mail: icageneva@gn.apc.org

Communications Department E-mail: treacy@coop.org

Co-ops and the Internet: A Virtual Necessity

by Mary Treacy

"The Information age could be a golden era for the non-profit sector. New information and communications technologies are creating enormous opportunities for non-profit organisations to increase their efficiency, improve the quality of the services they provide, and influence policy-makers."

Benton Foundation Communications Policy Project

The 21st century is fast approaching and one of the forces that will propel us there is the Internet.

The growth of the Net in recent years has been phenomenal, rising from less than 5,000 to approximately 35 million people in the past ten years and according to experts this is just the beginning.

Obviously the Co-operative Movement should not rest on its laurels when this new and relatively inexpensive means of communicating with the masses is now available to us.

Through the Internet we can reach a wider audience than ever possible before - the potential for spreading the co-operative message via this media is therefore enormous and, as most of the people using the Internet are young academic types, it would be an ideal way of reaching the young hearts and

minds so necessary for the future development of our movement.

The following is a short overview of what is currently available on Co-operatives and Co-operative issues.

Electronic Mail or E-mail

At the present time all of ICA offices have the possibility of communicating by E-mail, in addition to 25 of the ICA's 200+ member organisations, and its specialised bodies for Agriculture, Energy, Tourism, Insurance, Research, Communications and Human Resource Development. These numbers will undoubtedly increase dramatically within the next few years.

In addition ICA receives electronic correspondence from numerous researchers and students of Co-operation world-wide as well as members of the general public, international organisations and media people.

Newsgroup, Listservers and FAQs

Newsgroups or electronic bulletin boards are electronic notice boards where messages can be posted for those interested to access.

There are several newsgroups or bulletin boards available for on-going discussion of co-op issues and exchange of experience.

For example, alt.co-ops is a newsgroup which provides information about democratically run businesses including worker co-ops, consumer co-ops, communities and communes.

Listservers are mailing lists made up of people with similar interests. If you post a message to the list, it is sent via E-mail to all subscribers to the mailing list.

The Co-operative-bus listserver, which is moderated by the University of Wisconsin Center for Co-operatives, has been established to facilitate discussion about strengths and weaknesses of the co-operative form of business in solving people's economic and social needs. Topics of interest include co-operative business, co-operative development, strategic planning, capital formation, membership, and co-operative governance etc.

This list already has 236 subscribers, mainly from universities in the USA and Canada but also from educational establishments in Europe and Asia and the Pacific, international organisations such as the Food and Agricultural Organisation of the UN (FAO), non-governmental organisations, non-profit organisations, co-operatives, co-operative federations and government departments such as the US Department of Agriculture (USDA).

Since its inception over 800 messages have been exchanged which have been archived by the University of Colorado. Information on how to subscribe to the mailing list and access the archive is available on the ICA Web Pages.

Another example is the listserver called Credit Union Talk, which can also be accessed via the ICA Web pages. This service aims to promote open and friendly discussion among senior and mid-level management who are engaged in the daily operations of credit unions. Participation from the public, and from the private and academic sectors is also welcome.

There are several other such services available which are of interest to co-operators including the Coalition for Co-operative Community Economics' Listserver and a Discussion Group on Enterprise Development in Developing Countries. The National Students' Co-operative Association (NASCO) has also recently opened a listserver on co-op issues.

Some of these discussion groups have a specific life span such as the Discussion Group on Co-op Principles which was initiated by the Canadian Co-operative Association to enable people who could not attend the ICA Centennial in Manchester to take part in the Principles Debate.

There are also a number of FAQs (Frequently Asked Questions - and their answers) available on-line including a FAQ on Worker Co-ops compiled by the Ontario Worker Co-operative Federation (Canada) and one on Credit Unions made available by Credit Union National Association (CUNA) of the USA.

All of the services mentioned here and much more can be accessed via the ICA Web Site at <http://www.coop.org>

Gopher Server

The University of Wisconsin Center for Co-operatives and the ICA have set up a Co-operative Gopher server which has reached almost 5,000 'hits' a month, i.e. the number of times the server is interrogated for information.

The ICA/UWCC Gopher Site houses a variety of text only files on a range of co-operative issues from the history of the movement to topical subjects of interest to co-operators and information on a number of co-operative organisations, projects and activities world-wide.

The information base is constantly growing and evolving and all co-operatives world-wide are invited to participate by contributing information which can be sent to the ICA Head Office, preferably on diskette in IBM compatible or MacIntosh format. Access to the information on the gopher service is free-of-charge.

The gopher server is available to everyone with full Internet access as well as to organisations who do not have browser software. The address is <gopher://wiscinfo.wisc.edu:70/11/.info-source/.coop>

World Wide Web

A number of co-operative organisations, including the ICA, have recently set up Web Sites and the information base is constantly growing.

The ICA Web Site aims to give a single logical point of entry into the ICA information environment and also endeavours to provide a uniform mechanism for identifying and accessing sources of co-operative information world-wide.

The Web Pages incorporate links to the ICA/UWCC gopher and other related sites and pages of interest.

The information is divided in the following manner.

Co-operative Information

- * Information on the ICA and its Specialised Bodies (sectorial committees)
- * Co-operatives Definition/History/General Information
- * Information on Co-operatives by Region
- * Co-operatives Information by Economic Sector
- * Co-operative Issues
- * Co-operative Events
- * Publications on Co-operation
- * Co-operatives and the Internet (includes information on how to create web pages, etc.)
- * Newsgroups, Conferences and FAQs on Co-ops

Non Co-operative Information

- * International Organisations on the Web
- * Useful Business Information Sites

There is also a special entry point into the Co-operative Gopher and the University of Wisconsin Center for Co-operatives Web Site.

The ICA Site is currently in English but pages in French, Spanish and German will soon be available.

The current pages were partially funded by the New South Wales Registry of Co-operatives who expect the

ICA Electronic Project will improve communication and provide further access to resources on co-ops in their region as well as increasing contacts with co-op organisations world-wide.

Future Projects

The ICA has plans to further its collaboration with the University of Wisconsin Center for Co-operatives to make various data-bases, bibliographies and library catalogues available on-line.

We have already identified a number of data-bases to be made available on the University Gopher Server, including the ICA membership data-base, which is currently being set up by the ICA Regional Office for Asia and the Pacific, the Research Register which will be compiled by the Society for Co-operative Studies (UK) and an HRD data-base which the ICA Regional Office in Costa Rica will be compiling. Aline Pawlowska, Documentalist at the ICA Office in Geneva, will be coordinating this project and would be interested in hearing from organisations wishing to contribute.

Besides our Web Server in Geneva, we have the offer of a Web Site in Manchester based at the CWS offices and we hope eventually to set up an on-line phototeque in collaboration with ICA members.

We are also discussing collaboration with the University of Leicester offering our support in advertising and making available on the Internet their MBA (Master of Business Administration) Distance Learning Programme in Co-op Management. The Programme will use ICA materials when relevant

and the revenue this generates will be used to fund the publication of research materials produced by the ICA's Research Committee.

ICA's European Region collaborates closely with ARIES, an on-line information service and network for co-operatives, mutual organisations and foundations and non-profit organisations in Europe. ICA Europe has recently applied for European Union funding for a project to gather statistics on co-ops in the region which it intends to make available via the Co-operative Gopher.

The Internet and its fast growing audience poses several questions for organisations with a social conscience. For example, is the Internet relevant to the poor or will it merely increase the information gap between countries in the North and the South?

The ICA is encouraging its regional and project offices in Asia, Latin America and Africa to use the new technology and a component of the ICA project aims to provide training and cost subsidies for the ICA offices in the regions.

Our Regional Office in New Delhi will shortly have full Internet Access (at present it has only access to E-mail) and both this office and our regional office in Costa Rica will start to contribute information to the Co-operative Gopher and International Web Site in 1996.

The office in Costa Rica is assisting in the development of ICA Web Pages to include information about regional projects in Spanish and English and possibly Portuguese, and also plans to

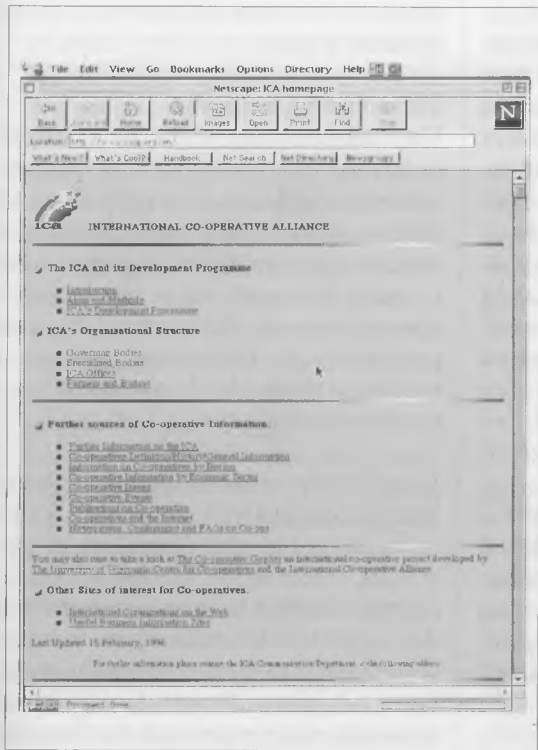
create a Latin American Network of HRD experts to help develop the HRD Strategy for Co-operatives in the Americas. The office can provide space and assistance for regional co-operatives which wish to obtain a presence on the Internet. Please contact Vidal Quiros at alianza@sol.racsa.co.cr

ICA members who wish to include a link to their own Web Pages from the ICA Web Site should send a message to tracy@coop.org. ICA members who wish to contribute information to the Co-operative Gopher or to include a web page on their organisation in the

ICA Site should contact the ICA Communications Department.

Co-op organisations should take the necessary measures to adapt to the new information technology so as not to be left behind in the new information age and we feel that this is an area where we can be of service to our membership.

We fully believe that the Information Superhighway will give organisations like ICA and its members, which have limited resources, the means to reach a wider audience at relatively low cost.



"In terms of global communications we now contemplate a leap into the future. This is likely to be as great as the changes brought about by the development of printing, the internal combustion engine and powered flight. But it will take place over a much shorter timescale."

"We will all need a new kind of literacy - network literacy"

Superhighway for Education, a consultative paper on broadband Communications HMSO (United Kingdom)

The Welcome Page of the ICA's International Co-operative Web Site. Information is currently in English only but will be available in French, Spanish and German within the next two months.

The Race Against Marginalisation

by Momar Aly Ndiaye*

Coordinated Support is Needed

In many African countries, the political will to invest in the new information and communication technologies is there, making coordinated support more dispensable than ever.

The information highways may well constitute a risk of perpetuating developing countries's marginalisation in the world economy: without adequate access, they will be handicapped in an economic and political competition that will depend largely on having access to the right information at the right time. African countries still excluded from zones where the greatest strides have been made must begin intensive preparations to connect with the major world networks. This is the only way to ensure their participation in the modern scientific adventure.

Neither outdated infrastructures nor the low level of consumer purchasing power should stand in the way of this ambition. A positive but little known fact is that the large communications companies are increasingly counting on making a significant slice of their profits in developing countries where tel-

ephone density remains low and the market potential is still largely unexplored. These companies often take a stake in the national telecommunications systems of the least developed countries engaged in a liberalization process. The latter must consequently design policies to promote higher value-added services which create wealth and stable employment in many different sectors.

Services on Demand

The "teleworking" sector, for example, opens the way to establishing offshore companies specialized in gathering and creating information from a distance, a venture favoured by managers seeking to make the most out of our labour's competitiveness. Telematics offer vast possibilities for providing information servers in the fields of economics, education, tourism, science, etc.

In the health field, diagnostic imaging and clinical analysis done from a distance can compensate for a lack of specialists. Information highways can facilitate communication, access to and the spread of knowledge on a wide-scale, as well as the development of distance education. It can also speed up decision-making through multimedia and digital or vocal delivery systems. The political will to invest in these sectors, which is vital to making the infor-

* Momar Aly Ndiaye is Informatics Advisor at the Ministry of Scientific Research and Technology, Dakar, Senegal (UNESCO Sources No. 75, Dec. 1995 - Jan. 1996)

mation highways a priority equal to health, education and agriculture, is beginning to take shape. As examples, two initiatives are worth mentioning:

- SITTDEC, a centre for exchanging data on investment, trade and technology in countries of the South, was launched four years ago by the heads of state in G15 member countries. Its ambition is to create a vast information network available to decision-makers and the business community in the countries concerned.
- the resolution made in May 1995 by ministers of the Commission for Africa to create a group of experts charged with proposing a strategy for an African link-up with the information highways and the promotion of telematics and value-added services. The group will publish a white paper on the economic and strategic foundations of information globalisation and will suggest short and long-term political responses required to build an institutional and regulatory environment conducive to infrastructure modernization and increased trade. A prerequisite for the whole enterprise lies in developing a coherent policy for making maximum use of human resources and stimulating investment.

In Senegal, a country with meagre resources, the National Telecommunications Company already counts 24,000 km of fibre-optic cables with an international network equipped with state-of-the-art technology. The Internet recently came into service there, as it has in South Africa, Egypt, Tunisia, Zam-

bia and Kenya. The process of liberalizing telecommunications has already begun in these countries and is underway in others such as Ghana, Algeria, Zimbabwe, Côte d'Ivoire and Guinea.

Large Sums of Money

However, insufficient investment hampers the modernization of networks in developing countries and better link-ups between them. The support of the international community is indispensable. However, coordination is needed for the initiatives now underway with support from UNESCO and various other international organizations and development agencies.

In this context, UNESCO has a key role to play in grouping these complementary initiatives which mobilize considerable sums of money but show signs of duplication. These initiatives would also be more beneficial if developing countries could agree on an overall strategy and the appropriate technological choices to go along with it. Furthermore, it would be a mistake to overlook the role of private initiatives in enhancing business opportunities tailored to the needs of business people, scientists, universities and other clients.

I believe that the many experts in the North and South, working both for governments and aid organizations, have succeeded in weaving a network founded on fraternity and a commitment to overcoming poor development. With time, they will undoubtedly constitute a lobby capable of serving the common interests of all partners, be they public or private, national or international.

When Ingenuity takes the Upper Hand

by V. Menon, A. Goonasekera
and V. Labrador*

Although information technology can change the way in which citizens are informed, it requires a critical mass of users to take off. In Asia, several countries have embarked on some bold initiatives.

Although the information highway is spreading in Asia, there are many barriers to its progress. Some are caused by the same factors that have contributed to the imbalance in the availability of conventional media or communication facilities in the region. Take newspapers for example. Annual circulation revenue per capita runs from \$40 in Japan to \$0.38 in India. Or the availability of telephones, which ranges from 378 per 1000 in Singapore to 2 per 1000 in Bangladesh. Among the reasons for the dismal figures in South Asia are low levels of literacy and high levels of poverty, insufficient investment and possibly, inadequate effort to rectify the situation.

The information superhighway would not only require higher literacy levels and a greater degree of affluence, but

also a long-term plan for human resource development and training, and above all, substantial investment in infrastructure.

Singapore offers a good example of the changes that the info-routes can bring to the ways that citizens are informed. The government has a well-formulated plan to make the republic "an intelligent island" by the year 2000. Every high-rise building, commercial and residential, will be connected by fibre optic cable. The network will support dozens of cable channels and give each household access to island-wide information data bases, from the national library catalogue to the latest stock prices.

The print media across the region is experimenting with on-line editions. While the manner and means of information dissemination may be expected to change as technology progresses and infrastructure is put into place, the way in which news events are covered will require attitudinal changes that are much more difficult to bring about. For developing countries in Asia, an important issue is whether the information highway will change the imbalance in the flow of news and information from the North to the South,

* V. Menon, A. Goonasekera and V. Labrador, Asian Mass Communication Centre, Singapore in UNESCO Sources No.75 (Dec. 1995 - Jan. 1996).

and how news events are covered by western media.

An Urban Reality

Theoretically, the right to communicate on the information superhighway is not guarded by media gatekeepers. Already, it is being used to transmit information that is not available via normal communication channels. However, access to the highway will be confined to those who know an international language, which alone will cut off large groups who are educated only in their native tongue. Furthermore, the technology itself has yet to reach the rural masses in many densely populated countries such as China, India and Indonesia.

For the information highway to make a real difference, there should be structures or organized social groups that make use of the highway for dissemination and reception of news and views. An "information highway culture" must evolve, an endeavour in which education has a role to play. Finally, more systematic and sustained research should be done to identify what is going on, and to provide knowledge and information for policy guidance.

Viewed from the standpoint of speed, cost and efficiency, the expected

changes may be largely positive. There will inevitably be a widening of the gap between the technological "haves and have nots". The reality in Asia is that while some countries are fully integrated into the global information highway, most have remained in the side lanes. There is no dearth of effort however. The Philippines and China, for example, have embarked on an ambitious programme to provide universal telephone access for their people. In the case of the Philippines, access can be as basic as providing a single telephone line for everyone of its 40,000 village.

The installation of telecommunication systems does not necessarily mean importing expensive technology. In India, the Centre for the Development of Telematics has developed and installed rural telephone switching and exchange systems using low-cost local technology and materials.

Information technology requires a critical mass of users to take off. For the information superhighway to make significant inroads in Asia, it has to become widely accessible, which requires infrastructure development. However, as experiences in India and the Philippines have shown, ingenuity is available in abundance even if financial resources are scarce.

A Basic Glossary

- Cable: composed of optic fibres that transmit digital signals at a far higher speed than ordinary telephone networks.
- CD-Rom (Read only Memory): multimedia compact disk that can be consulted on a computer equipped with a special disk drive.
- Cyber: prefix characterizing ways of thinking and acting linking to the information highways and virtual reality (cyberspace, cyber café, cyberculture).
- Digital: transcribed as binary elements (0 or 1) constituting the "alphabet" of computer language.
- Electronic Mail (e-mail): texts exchanged between two computers over the telephone network or a local computer network.
- Gopher: a system which fetches information from data bases. Universities, in particular, set up sites of available information accessible through the gopher system.
- Hypertext: system of linkages making it possible to scroll from one text to another by selecting key words.
- Information Highway: digital network linking a large number of computer sites and homes enabling instantaneous and personalised transmission of information and programmes, especially audiovisual materials.
- Internet: informal grouping of thousands of networks linking millions of computers around the world. It is the precursor of the future highways.
- Listserver: mailing lists made up of people with similar interests. If you post a message to the list, it is sent via E-mail to all subscribers to the mailing list.
- Modem: acronym of modulator-demodulator. Hooked into a computer, this accessory can transmit information on the telephone network.
- Multimedia: Integration of different mediums (text, sound and images).
- Newsgroups: Also called Bulletin Boards or Conferences. A site containing a collection of electronic messages related to a particular topic, e.g. women or co-operation, where people post and reply to messages about that topic.
- On-Line: accessible through a network on a microcomputer equipped with a modem.

A Basic Glossary

- Server: a computer containing information that can be consulted from a distance or a service that organises the distribution of information.
- Virtual: three-dimensional environment created by a computer in which a duly-equipped user (helmet, glasses, gloves and sensory receptors) can enter and interact.
- World Wide Web: One of the Internet's sub-groups which has re-

corded prodigious growth in the past year (over 700 new servers every day). The Web is accessible through specific software (called browser programmes) which only work in a windows environment and allow graphics, video and audio to be transmitted in addition to text.

Sources: UNESCO, International Women's Tribune Centre

Strategies for Shared Power Between Men and Women in Co-operatives

by Katarina Apelqvist*

The Power Gap

For generations women have played a vital, but invisible, role in co-operatives nationally. They have constituted the loyal and hardworking backbone of the movement, enabling its growth and progress.

However, they have been, and still are, kept in subordinate roles, expected to work silently and with very little reward, safely restricted from status and power.

Women's lack of power in co-operatives at the national level has been embarrassingly obvious in the decision-making bodies of the International Co-operative Alliance and its specialised committees.

Women's contributions have only recently begun to receive recognition. And very few, still, realise the acute need for women's experiences, skills and values to influence the daily as well as strategic decisions shaping the future of co-operatives. It is a very long way to go before men and women



share power in co-operatives nationally. It will take even longer to see a gender integrated international co-operative movement.

Power issues have a major bearing on this article. I use the word deliberately.

It is always interesting to note reactions to the word power. Most men, and the few women, who have power, deny the fact. Women, mostly lacking in power, deny that they have a wish to achieve it.

I believe that these reactions stem from the fact that we have become accustomed to power being used negatively - to segregate and repress. But power in its essence only means influence - and can be used positively to uplift and unite.

* Ms Apelqvist is Chairwoman of the ICA Global Women's Committee.

However, women must realise that power, as it has been traditionally wielded, is not relinquished easily, especially not by those who deny having power.

Power has to be taken - not by force, violence and war, the way it has been and is done by men in many countries. Power can also be taken peacefully, by determined strategies and positive actions.

Theory and Reality

If we look at the current picture there is a considerable difference between the theoretical and practical aspects of women's situation in co-operatives. The theoretical aspects are based on values and principles of 150 years' standing, which were reformulated at the ICA's Centennial Congress in Manchester in September 1995.

My analysis of the practical aspects of women's situation in co-operatives world-wide is based on limited statistical examples from countries in four global regions. The relevant facts and reliable statistics on gender issues in the co-operative movement are either very difficult to access or non-existent. I cannot vouch for the complete accuracy of the figures in my examples, but I think they are interesting!

In ICA's Statement on the Co-operative Identity a co-operative is defined as:

"A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspira-

tions through a jointly owned and democratically controlled enterprise."

The values of co-operatives are stated as follows:

"Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others."

And the first and second principles state:

"Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination."

"Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organised in a democratic manner."

There can be no doubt that, in theory, co-operation offers the opportunity to meet financial needs. In other words co-operation makes it possible, not least of all for women, to earn a living in a world where:

* 70% of the 1.3 billion people living in poverty are women

- * Women's unpaid contribution to the global economy is estimated at 11 trillion US Dollars a year.
- * Throughout the world unemployment is higher among women than men.
- * The number of households headed by women is increasing rapidly.

35% of households in the Caribbean
 4% of households in industrialised countries
 21% in Latin America
 20% in sub-Saharan Africa
 18% in south-east Asia and Oceania

Nor can there be any doubt that women need the support of co-operatives to meet social needs in a world where:

- * Women in many countries lack access to reproductive health and other health services.
- * Women outnumber men 2 to 1 in illiteracy.
- * 60% of the 130 million children denied access to primary school are girls.
- * Women often live isolated from basic amenities and services in rural areas and urban slums.
- * Women work longer hours than men, two thirds of those hours unpaid.
- * Women take the main responsibility for the home, children and the

elderly. (50% of the aged live in extended households in Brazil and Hong Kong, 20% in France and 10% in the Netherlands).

- * Women invariably take responsibility for community activities without financial reward, acknowledgement or appreciation.

Most people would also agree that co-operation, in theory, provides marvellous opportunities for women to fulfil cultural needs to develop themselves to the best of their abilities. It should also meet women's aspirations to decide upon and shape enterprises' day-to-day activities and futures with others.

In theory co-operation has always been as open to women as it is to men. In theory co-operative organisations have been democratic and built upon the active participation of their members.

There are also striking similarities between co-operative values and women's typical ways of conceptualising and working. To my knowledge women's cultures are characterised by self-help, self-reliance, democracy, equality, equity and solidarity. Women believe in the ethical values of honesty, openness, social responsibility and caring for others - and invariably act accordingly.

How does women's participation in co-operative democracy look in practice? How does this picture of the theoretical co-operative world match with the current real co-operative world?

Brief Statistical Overview

Let's look a little more closely at some countries in Asia, Africa, Central America and Europe. Once again let me underline that there is a lack of reliable figures.

Japan

In Japan women constitute about 95% of the consumer co-operative membership. The allocation of management tasks, however, does not reflect this. At the primary level, 66% of the directors are women, mostly working part-time. They are usually involved in organising member activities. Male directors are responsible for management and decision-making. At secondary level only 6% of directors are women and at the national level, only 2 out of 33 members of the JCCU board of directors are women.

(Source: Momoe Tatsukawa: Japanese co-operatives' efforts in addressing Gender Issues, 1993).

60% of people working in Japan's agriculture are women but less than 13% of the formal union members of agricultural co-operatives are. Slightly more than 0.1% of the directors are women.

(Source: We are members of JA, 1995).

Malaysia

In Malaysia there are 30-40% women members in mixed co-operatives, about 10% on boards and very few managers. In school co-operatives 50% of the participants are girls.

(Rahaiah bt Baheran, Country report 1995).

Sri Lanka

In Sri Lanka nearly 50% of all co-op members are women. At Branch Com-

mittee level 20% are women, at General Body level 5% and on the Board of Directors 2%

(Source: Preema Shanthi Sooriyarachchy: Country report, 1995).

Out of a total membership of 2.1 million in Sri Lankan multi-purpose co-operatives 35% are women. Legal provision has been made to reserve two of the seven directorships in these co-operatives for women.

(Source: Upali Herath: An overview of Gender Integration and Women in Cooperative Development in Asia and the Pacific, 1992).

Singapore

In Singapore women form only about 5% of the total membership of 575,000 co-operators.

(Chong Wee Yin: Country report, 1993).

Honduras

Women constitute 4.8% of the membership in agricultural co-operatives, 21.3% in consumer co-ops, 45.2% in industrial co-ops and 46.4% in credit unions.

Nicaragua

11.1% of the members in agricultural co-operatives are women.

Panama

In Panama 74.3% of the membership in agricultural co-operatives are women, 42.5% in credit unions, 37.5% in housing co-ops and 29% in consumer co-ops.

El Salvador

In consumer co-operatives women constitute 57.3% of the members and in agricultural co-operatives 11.2%.

Guatemala

In Guatemala you find the highest percentage of women in industrial co-operatives, 42.8%, and the lowest in agricultural co-operatives, 6.3%. In housing co-operatives 19.3% are women and in consumer co-ops 11.9%.

In all Central American countries you find few women managers and few women at top level and in boards.

Tanzania

Tanzanian women produce 75% of the co-operative movement's marketed agricultural products per year yet only 10% of them are registered as members in rural areas. Women's participation in management at the primary and union levels is negligible. (Source: Bernadette Wanyonyi: African Women Perspectives and Reflection on Future Trends, 1995).

Zambia

Zambian women constitute 70% of the rural population but only 25% of the co-operative membership. At local co-operative level 11% of women have leadership positions and 1% of women at national level. (Source: Chieftainess Christine Chiyaba & Matondo Monde Yeta: Country report, 1994).

Finland

In Finland 70.7% of the members and 74% of the employees in the Consumer Co-operative Elanto are women. 62.7% of its Council of Representatives, 46.6% of its Supervisory Board and 37.5% of the Board of Di-

rectors are women. In the Consumer Co-operative Tradeka, women constitute 52.1% of members, 85% of employees, 38.4% of Representatives, 36.3% of Supervisory Board and 18.2% of the Board of Directors.

In the Producer Co-operative Finn Coop Pellervo 22.4% of membership, 26.4% of Council of Representatives, 7.4% of Supervisory Board and 0% of Board of Directors are women. (Source: Raija Itkonen: Women in Co-operatives, 1995).

Russia

In Russia there are 4.5 thousand consumer co-operatives with 12 million members and 1 million workers, 70% of whom are women. (Source: Galina Kisseleva: Country report, 1995).

Lithuania

In Lithuania 69% of the total number of employees working in the co-operative movement are women. Among managers and at top level there are few women. (Source: ICA Statement, The Contribution of Co-operatives to the Advancement of Women in the ECE Region, 1994).

Ukraine

In Ukraine women account for 71% of employees but among managers and at top level you will find few women. (Source: ICA Statement The Contribution of Co-operatives to the Advancement of Women in the ECE Region, 1994).

The table on the next page gives figures available from the area of Credit Unions:

	Women members	Percentage
Bangladesh	18,780	27%
Costa Rica	96,000	48%
El Salvador	19,617	55%
Ethiopia	35,428	32%
Ghana	15,283	30%
Great Britain	62,000	54%
Grenada	7,636	51%
Guyana	8,950	37%
Korea	1,690,769	45%
Malaw	16,752	28%
New Zealand	51,000	44%
Peru	21,831	22%
Philippines	67,580	58%
Russia	5,148	60%
Seychelles	4,364	55%
Sierra Leone	1,151	39%
Singapore	3,000	9%
Sri Lanka	436,629	51%
Tortola	79	59%
Zambia	94,000	53%

(Source: *Perspectives 3rd Quarter, 1995*)

The figures I have just listed exemplify that in many countries, especially in developing countries, where women are the backbone for production in agriculture they constitute an alarming minority in rural co-operatives. The figures also show that, irrespective of country, co-operatives are essentially managed by men. In fact, gender imbalance in co-operatives is one of the most striking contradictions between co-operative theory and practice, weakening co-operative identity, credibility and the possibilities to fulfil co-operative purpose. The present co-op-

erative order has been engineered by men, for men. Consequently it is based on male values, norms and priorities.

Admittedly there are women within these male hierarchies but their influence and opportunities for development are restricted. Furthermore, their salaries are lower than men's even when they do the same and comparable work.

Co-operation has improved many people's living conditions considerably but it has seldom taken women's spe-

cific needs and conditions into account. Until less than a decade ago, on the few occasions when women's needs have been specifically addressed, it has been as an act of charity rather than recognition of the fact that there is no sustainable social and economic growth without their contribution. Women's perspectives are still virtually excluded from the formulation of co-operatives' strategic decisions.

Why does co-operation in practice so directly contradict co-operative values and principles?

The answer is simple but a shameful reflection on the co-operative movement nevertheless: The historical contempt and repression of women which has characterised our cultures and societies are just as firmly entrenched in the co-operative movement. Women have been regarded as being of less value than men in every respect. This is a viewpoint that the co-operative movement in both industrialised and developing countries has yet to abandon.

Women's needs and ways of life have been ignored based on the dual assumptions that only men's needs should be taken into account and that this would automatically benefit women and children.

Legislation in many countries still excludes women from co-operative membership. They are excluded because of laws and statutes which stipulate that only landowners and heads of households can become members.

In some countries women are not allowed to own land or officially head households. The fact that a woman is de facto head of family is not seen as justification for membership. Women are denied opportunities to take loans in banks and credit unions for the same reasons in even more countries. Religious and other cultural traditions create additional insurmountable obstacles in many developing countries.

In addition to all of this women have to cope with heavy and time-consuming responsibilities for the home and their children. The latter also create obstacles for women in industrialised countries who are trying to make a career for themselves on men's conditions.

Organisations and meetings are shaped by male norms and demand formality, observation of rank and hierarchical structure, thus creating obstacles to women's participation, opportunities to develop and to exercise influence.

Task allocation and skills development in co-operatives today are predominantly hierarchical and male-favouring. Women are not given the same opportunities as men for basic training and higher education in such areas as finance, technology and management.

During recruitment and promotion women seem to be invisible to men and in cases where they cannot be made invisible the norms for selection favour men anyway. "Male" skills and

experience are highly valued and "female" skills and experience are undervalued, if valued at all. Assessments based on "Personal chemistry" also come into the picture. Such assessments almost exclusively favour male co-workers, buddies, chums.

Time for Change

It is high time for the co-operative movement to make women and women's work and values visible. Co-operatives must realise the acute need for women's ability, skills and wisdom at all levels. It is high time to let women's way of thinking and working influence co-operative organisational structure and decision-making. †

Women have a non-hierarchical approach to organising work. Collaboration and flexibility are preferred to male-oriented competition and climbing the hierarchical ladder, discussion is preferred to giving and receiving orders. Allocation of tasks is skills-related rather than related to the job title or position of the person carrying them out.

Women prefer discussions in an informal atmosphere, presenting personal experiences and giving concrete examples. They have a holistic view of problems and their solutions.

Decision-making by consensus is important to women. Decisions made by consensus elicit stronger motivation and accountability as well as more reliable and quicker implementation.

What changes are necessary if co-operative values and principles are to be

transformed from mere rhetoric to reality?

Gender discriminatory elements must be eradicated from co-operative legislation and statutes. But that's not enough - legislation and statutes must also be formulated on the basis of women's practical and strategic needs. Co-operative legislation and statutes must become supportive of women and women's concerns.

Co-operation must implement campaigns more widely through information packs, conferences and seminars directed at women and underlining women's legal and co-operative rights and opportunities. In addition to this the campaigns must take women's conditions and language into account, addressing needs and concerns with which women can identify. Such campaigns can have a wide range of objectives such as encouraging women to:

- * Join co-operatives
- * Start pre-co-operatives
- * Apply for training
- * Apply for promotion

Discriminatory gender-blind, or rather women-blind, paragraphs in co-operative information and training materials (management and leadership training, finance, technology etc.) must be removed and both the structure and contents based on women's experiences and concerns as well as men's. In all education and training, gender analysis must be included aiming at realigned gender roles in the family, work and society.

Similarly - recruitment, employment, education, training, promotion and salary setting policies must be thoroughly re-examined.

The co-operative movement must also try to actively oppose the cutbacks in social welfare which are being imposed everywhere. These cutbacks hit women's reproductive and productive interests particularly hard. Within its own organisation co-operatives must carefully monitor the service and conditions which have been achieved and try to extend them further in an effort to compensate for the weakening within society's social sector.

One of the most important changes needed, as I have already pointed out, is the dismantling of the hierarchical and bureaucratic structures within co-operatives which stop women, and in fact also men, developing and contributing to their organisations to the best of their abilities. True democracy is impossible without equality between women and men. Equality between women and men is an impossibility in hierarchical structures based upon male norms, male power and dominance over women.

Maximising opportunities for equality between women and men and true democracy in co-operatives requires radical changes. The first pre-condition of change is to surface hidden structures. Without making visible what is really happening to women and men in existing structures there will be no motivation for change.

But surfacing hidden structures and their consequences is not enough. There is also a need for competence for change. A skills development for change program should be characterized by the holistic perception with which it is hoped that future goals and methods of working will be hall-marked. If the outcome is to be successful, those involved must influence and decide the content of training and the design of the change process from a gender perspective themselves.

Such a program could include, for example:

- * Professional skills and ethics (economics, technology, marketing, leadership, administration, information/motivation, organisation, job evaluation)
- * Physical development (health aspects, body awareness/ideals, health profiles)
- * Psychological development (self-understanding, professional identity, family identity/role, self-confidence, attitude change)
- * Group development (participation, responsibility, communications training, differences in language and communication styles, conflict management, group development)

Gender analysis and gender awareness should be integral elements in all parts of the program.

Experience of today's male work structures has taught us that the process of change is a complex and often slow-moving process.

However, we cannot wait to see radical changes happen. The co-operative movement cannot afford it, if we want to maintain our identity and credibility and our possibilities to fulfil co-operative purpose!

After my more than 30 years of persistent work to promote equality between women and men in the co-operative movement I am more than ever before convinced that we need two keys to open the heavy door blocking our way to achieve equality. These keys are networking and quotas.

I have heard it said many times that quotas are undemocratic. However, this objection to quotas is only raised when quotas are discussed as an affirmative action to achieve equality between women and men.

The objection is certainly never raised, for example, in politics when giving a certain number of parliamentary seats to regions and counties in order to achieve a geographical balance. To my mind there is no democracy without women - who constitute more than 50% of most countries' population - having an equal share in influencing their own lives, other's lives and the development of society.

I have also been told that quotas are unfair and risky because sex is a determining factor, not competence. I say that competent women are not being recognized and that competent

women are being rejected. Incompetent men are taking their places.

In an overview of equality world-wide the UN has stated that Sweden, together with other Nordic countries, is in the forefront with 43.3% women MPs and 50% women cabinet ministers. The deciding factor in the progress which has been made is the implementation of quotas! Sweden's largest political party, the Social Democrat Party, introduced an "every alternate candidate must be a woman" campaign for nominations for party candidates before the last election. The same quotas were applied during the selection of ministers to the Social Democrat Government. Two other parties used similar guide-lines when electing Members of Parliament.

Quotas also lie behind the current balance between sexes in the Norwegian Parliament and Government, which as we know has a woman Prime Minister.

What does networking mean, then?

I guess you can have many different answers to that question. But this is my definition, a definition given also by thousands of women in countries all over the world:

A women's network is a non-hierarchical - flat - voluntary organisation. There is no board and no posts to be distributed. All members of the network are of equal value and the work is based on teamwork instead of competition. All members are encouraged to contribute ideas, take initiatives and to share responsibility.

Women start networks to pool knowledge and information, to support each other individually and collectively to learn from each other and to bring about change. The ultimate goal for most women's networks is to achieve equality between women and men in the workplace, in the family and in society.

Let me highlight the benefits of networks:

Firstly: Networks provide results through collaboration. Networks can do things which can't be done by an individual. That means that very important initiatives can be taken and implemented through the efforts of a network.

Secondly: Networks provide information which cannot be accessed and pooled in the same way elsewhere. It is vital to understand that when you have a good, trusting network - prestige and territorialism do not exist. You have access to each other's experience and knowledge. This inspires new ideas, fosters personal development, and boosts energy and enthusiasm.

Thirdly: On the emotional side networks provide feedback and support, which are essential to all of us so that we feel that we have been seen and heard. Women are often made invisible in male structures. Their contributions are not acknowledged, they have to fight to establish credibility. This results in low self-esteem. Within networks self-esteem, belief in one's own competence and assertiveness are nourished.

Fourthly: Networks provide a place to be yourself. You are able to show what you are feeling. You have someone to share your anger, your hopes and your fears with.

Finally, networks breed strong women who have the confidence to take on new tasks and the role of leaders. However, female leaders working in isolation surrounded by a majority of men need the continued support of their networks. The pressure to adjust to male values and norms is extreme. Without the communication and support of network sisters many women will compromise or give in completely.

With or without networks it is very difficult for them to stand alone. And they will remain alone as long as quotas are not enforced.

We need networking to achieve quotas. We need quotas and networking to be able to codevelop a co-operative movement for women and men on equal terms.

I want to advocate the use of networking and quotas to empower women!

I want to advocate bringing co-operative practice into line with co-operative theory and aspirations!

Through integrating women's values, skills and experiences in the application of the co-operative concept, a democratic microcosm of society can be developed, where mutual concern and economic and social security thrive.

International Women's Day

Message from Ms Elizabeth Dowdeswell, United Nations Under Secretary-General and Executive Director of United Nations Environment Programme on the occasion of the International Women's Day, 8 March 1996

NAIROBI, March 1996 — The International Women's Day is a day consecrated in the history of women's struggle for freedom and social and economic equality. It is symbolic of women's refusal to accept poverty, disease and premature death as their natural lot. It is a day dedicated to assessing progress in their fight for equality, peace and development. It is also an opportunity to unite, network and mobilize for meaningful change.

Even today, though much of the edifice of development stands on the backs of women, they comprise the most vulnerable segment of the human society. While performing two thirds of the world's work, they earn only ten percent of its income, own just one percent of its property, constitute the majority of the world's poor and, with their dependent children, 80 percent of the world's refugee population. Women are confronted by a legacy of structures of inequality which are reinforced by misperceptions. A seemingly unending cycle retards the pace of their personal development and affords them minimal opportunity or fails to harness their full potential for national development.

Nowhere is this better illustrated than in the special relationship that women have with their environment. In most parts of the world women are the first to notice environmental degradation and are the first to suffer from the effects. As forests disappear and wells dry up, they have to walk further and further to fetch food, energy and water. As farmers they suffer the consequences of misuse and overuse of pesticides. As household managers, they risk significant health hazards from indoor pollution. Natural resource degradation can undermine a woman's ability to perform her traditional roles or mean that she can fulfil them only with increasing costs in time and energy.

Seen in this light, the achievement of sustainable development is inextricably bound up with the establishment of women's equality. One cannot be accomplished without the other. Inequities that are detrimental to the environment and society at large are particularly detrimental to women. If developmental policies fail to take account of women's roles, they risk both having negative impacts on the natural resources which women rely on and failing to make use of women's distinctive skills and knowledge.

Empowerment of women must embrace all aspects of her life if it is to be meaningful: a new education, a new information system, a new social orientation, and a revaluation of cultural attitudes and values relating to her political and economic marginalization.

All these in the long term will be our best guarantees of a system that enhances the status of women.

The Platform for Action adopted at Beijing supports this goal and calls for greater recognition of women as guardians of environmental resources. It stresses the need to train women in environmentally sound technologies, increase their participation in programmes for natural resource management and environmental protection and reduce the risks to women posed by environmental hazards at home and the workplace.

The Platform for Action is first and foremost a document of hope. It is a plan to confront and overcome the glaring disparities in the condition of women. Its effective implementation will require a major shift in the priorities of both governments and individuals and also a significant re-deployment of human and financial resources.

The time has come for Governments, international and national NGOs, the private sector and the people to work together as full and equal partners in improving the quality of life of women. We now have in our hands the legitimate basis to demand change, and it is our responsibility to build on the momentum energized at Beijing

The Role of the ICA in the Advancement of Women in Co-operatives

by MariaElena Chavez*

ICA and the United Nations

1995 was a year of major activity for the ICA, for not only was it the year in which the ICA celebrated its Centennial, but it was also a year in which the ICA had the opportunity to influence international policies and highlight the contribution of co-operatives.

Two major United Nations conferences were held in 1995 - the World Summit for Social Development and the Fourth World Conference on Women. These presented opportunities for the co-operative movement to highlight its contributions to productive employment, eradication of poverty, enhancement of social integration and the advancement of women and have co-operatives recognized by the international community. ICA participated in the preparatory meetings and the official conferences. It presented and/or circulated statements, prepared informational material on its activities and highlighted the work being done by the ICA and its member organizations.



The documents adopted at both of these conferences by UN member states (Governments) recognized the significant contribution of the co-operative movement and called on governments and the international community to adopt policies that support and promote co-operatives.

With regard to the Fourth World Conference on Women, the Platform for Action, the document regrouping the recommendations for action adopted in Beijing contained nine references to co-operatives noting how co-operatives could improve the situation of women especially with regard to co-operatives' ability to strengthen women's economic capacity and facilitate women's equal access to resources including credit and employment. This in part was the result of the work of

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the ICA and its regional offices which mobilized co-operatives to contribute to the discussions on how to promote the advancement of women in economic, political and social spheres. ICA brought its voice to the regional meetings organized by the United Nations in preparation to Beijing and reiterated its position in Beijing where Raija Itkonen, a member of the ICA Board and Focal Point for Gender Issues for ICA Europe, addressed the participants of the Fourth World Conference on Women.

A Start in the Right Direction

ICA was able in Beijing and at the World Summit for Social Development to sensitize governments and the international community and more importantly provide tools for its members to establish policy dialogues, and facilitate contact with UN and bilateral organizations for technical assistance.

However, now that the contribution of co-operatives has been highlighted, we must show what we have been able to achieve in these critical areas and the partnerships we have been able to establish to implement the recommendations.

Follow-up to the Beijing Meeting

Six months after the Beijing Conference, the United Nations began reviewing the process for implementation at the 40th session of the Commission on the Status of Women. Governments reported on their national plans of action; NGOs reported on their activities and urged governments, multi-lateral and bi-lateral organizations to increase the pace of their implementa-

tion. Specific discussions were held on women and poverty, women and the media and sharing family responsibilities.

ICA attended the meetings of the Commission and circulated a joint ICA/United Nations report on the ways which the co-operative movement was beginning its follow-up, excerpts of which are included below. Given the commitment made by members of the ICA to increasing the participation of women in co-operatives, we expect that many more activities will be undertaken. We plan on reporting again to the UN on these activities in the coming year. In this way ICA will continue to be part of the process of contributing to the advancement of women within or associated with the co-operative movement.

Gender Equality: Strategic Concerns

At the Centenary Congress of the International Co-operative Alliance, international and national co-operative organizations adopted a resolution on "Gender Equality in Co-operatives". This resolution established gender equality as a global priority for the ICA, noting that "shared influence and shared responsibilities between women and men are keys to co-operative excellence".

Women and Poverty

Co-operatives are able to address the feminization of poverty by providing opportunities to women to improve their economic situation as members of co-operatives or as employees of co-operatives. Co-operatives can empower women and raise not only their

own standard of living, but that of the communities in which they live.

Women are participating in a large number of co-operatives as members, thus enabling them to benefit from income (return on capital) and a wide variety of services and goods at a cost and quality that many women would not otherwise be able to afford.

In Europe and North America women are participating in co-operatives at equal rates. In Africa, participation in mixed co-operatives remains low due to cultural and legal barriers such as land ownership, access to credit, etc; for example, in Zambia in 1995 it was estimated that 23% of the membership of the Zambia Co-operative Alliance was made up of women, however, in rural areas women were participating in mixed co-operatives at lower levels. In Uganda, 25% of the co-operative membership was made of women. In Japan, 90% of the 17.3 million members of the co-operative movement are women. In Kuwait, 45% of the members of the Union of Consumer Co-operative Societies are women¹. In Central America in 1992, it was estimated that 30% of members of co-operatives are women, with 75% of those women participating in savings and credit co-operatives². This figure is increasing.

Co-operatives constitute a form of enterprise which is particularly adapted to women who often lack access to pro-

ductive resources. Many women opt for the co-operative form of enterprise where they become worker-owners and form women only co-operatives. Many small-scale co-operatives have been established by women who seek to increase their incomes. The Self-Employed Women's Association (SEWA) in Gujarat, India, has organised women's co-operatives in artisanal, land-based, livestock, trading and service sectors. These co-operatives are providing opportunities to unemployed women to obtain sustainable work and income. In Uganda, rural women have regrouped form agricultural, handicraft and savings and credit co-operatives. The Watermark Association of Artisans, a co-operative which markets crafts for rural women (many of whom had been battered wives), is one example of how the co-operative form of business enterprise has provided rural women in North Carolina, United States, access to an income-generating activity. In the United Kingdom women entrepreneurs have established numerous small scale workers' co-operatives, and in Finland and Sweden new co-operatives are being formed including supply co-operatives, village, development, service, communication and publishing co-operatives, many of which on the initiative of women as a response to growing unemployment.

Access to Productive Employment

As employers, co-operatives provide productive employment opportunities

¹ Japanese Consumers' Co-operative Union, Report on Japanese Co-operators Views on Gender Integration: Women's Work? Men's Work? 1995.

² RAMOS, José Luis, "Mujer, Género y Desarrollo en el Movimiento Cooperativo de Centroamérica y el Caribe" in *Mujer et participación social: Hacia la Concertación de Géneros en el Cooperativismo Centroamericano*. CCC-CA, 1992.

for both men and women; it is estimated that approximately half of the workforce in co-operatives are women. As in other sectors, co-operative have only recently begun collecting gender disaggregate statistics. However, the few figures that do exist are those for East and Western Europe and illustrate the capacity of the co-operative movement to create productive employment for women.

In Finland, 85% of the employees in Eka Corporation, a co-operative in the retail trade sector, are women. In the Japanese Consumers' Co-operative Union 80% of part-time employees are women. In Lithuania, 69% of the total number of employees working in the co-operative movement as a whole are women. Over 58% of the employees of the Malaysian Co-operative Insurance Society are women. In Sweden at the Folksam insurance co-operative, 53% of the total number of employees are women. In Russia 73% (1.1 million) employees of the consumer co-operative movement are women. In Switzerland, one of the largest consumer co-operatives, Coop Suisse, reported in December, 1994 that 53% of its employees were women. In Turkey, the largest agricultural co-operative, Taris, reports that 17.66% of its employees are women. In Ukraine women account for 71% of the total number of employees in the co-operative movement from all sectors. In the United Kingdom, 60% of the members of the credit unions affiliated to the Association of British Credit Unions Ltd. are women.

Access to Credit

Financial co-operatives are of special value to the poor, especially for

women. They can operate in areas not served by commercial banks, and where public-sector credit programmes are insufficient. Savings and credit co-operatives ("credit unions") and co-operative banks often provide the only secure institution for the deposit of savings - however small these may be. They provide an affordable means for concentrating and recirculating local capital by providing credit for entrepreneurial use and for improvements in the household sector. Moreover, because these co-operatives are owned by their members, costs are kept to the minimum and services and procedures adapted to their particular needs and circumstances. Such co-operatives allow the poor to escape from the control exerted by private money lenders. In both developed and developing market economies, governments support financial co-operative development in poor communities, acknowledging their unique capacity for capital mobilization and appropriate investment.

Co-operative banks have taken the lead in introducing gender-sensitive services. In some countries - notably India - women have set up and operate their own co-operative banks, that is banks whose owners are the account holders.

Savings and credit co-operatives or credit unions in many countries have introduced programmes specifically designed to meet the financial needs of their women members. There are many examples of credit unions lending to women who build small businesses. Many of these women are able to use

the income from these small businesses to build houses, purchase land, educate their children, etc. In numerous countries women - usually resident in a defined community, or engaged in a similar occupation - have set up their own savings and credit co-operatives.

Access to Quality, Low Cost Services

Co-operatives also provide services to women and their families which ease women's workload and provide them with opportunities for advancement.

Daycare co-operatives are a form of co-operative which allows women to reconcile work with family responsibilities. Daycare co-operatives exist in many countries throughout the world's economies. In the United States, the first child-care co-operative was established in 1916. Today, more than 50,000 families send their children to co-operative daycare centres³. In Sweden more than two-thirds of private daycare centres are either parental or worker co-operatives daycare services⁴. Daycare co-operatives are functioning in a number of countries including Canada, Hungary, Italy, Norway, Spain, Philippines, Trinidad, Tobago, Portugal and the United Kingdom to list just a few.

Consumer-owned retail co-operatives are able to reduce costs while simultaneously assuring the adequate provision of appropriate and high quality

goods and services. User-owned co-operative enterprises contribute significantly to overcoming conditions which contribute to chronic poverty - i.e. inadequate housing, fuel, energy, water, sanitation, infrastructure and essential services.

Housing co-operatives provide women with access to low-cost, high quality, safe and secure housing. Housing construction and maintenance co-operatives often set aside accommodation for lower-income households, (including single mothers and other female heads of households).

Education and Training

One of the priority issues of the co-operative movement is enhancing the participation of women in the co-operative movement necessitating not only specific training programmes for women, but also gender sensitization training for all members of the co-operatives. A recently published joint International Labour Office/International Co-operative Alliance training module "Gender Issues in Co-operatives: An ICA - ILO Perspective"⁵ is evidence of ICA's commitment to the raising awareness on gender issues. The two-hour session is designed to generate increased gender awareness of co-operative leaders and policy makers and thereby encourage the integration of gender issues in co-operative development.

³ National Co-operative Business Association. *A Day in the Life of Co-operative America*. p. 26.

⁴ Pestoff, Victor A. "Beyond Exit and Voice" in *Delivering Welfare; Repositioning Non-profit and Co-operative Action in West European Welfare States*. CIES, Barcelona (Spain), 1994.

⁵ ILO. *Gender Issues in Cooperatives: An ILO-ICA Perspective*. Geneva, 1995.

Women and Health

Health co-operatives contribute to improving the health of women and girls by providing quality health care at reasonable cost. Health care co-operatives are prominent in Brazil, Canada, Israel, Italy, Japan, Spain, and the United States, and are known to operate in Argentina, Australia, Benin, Bolivia, Chile, Colombia, Costa Rica, Germany, India, Malaysia, Mongolia, Panama, Paraguay, Philippines, Poland, Portugal, Singapore, South Africa, Sri Lanka, Sweden, United Republic of Tanzania and the United Kingdom.

Members of health co-operatives are able to identify their needs and the appropriate and relevant type of services and care that will be provided. Reviews of experience in Canada and the United States have shown evidence that community and consumer-sponsored health institutions, such as health co-operatives provide higher quality care than other health service delivery organizations, particularly in respect to promotional and preventive measures, such as the provision of comprehensive examinations, well-baby care, childhood immunization and cancer screening⁶. This is of particular interest to women who may wish to introduce specific services relevant to their life-cycle including reproductive health programmes.

Engagement by the co-operative movement in the health and social care sectors has particular significance for women. The emphasis on healthy life-

styles and on energetic preventive measures, which is characteristic of health co-operatives, includes elements which are most valuable to women's own health, and also to women's responsibilities for the health of young children. The outreach programmes undertaken by most health and social care co-operatives, designed to support persons with disabilities and infirm elderly persons, relieves the pressures upon women, who are usually the unpaid and unacknowledged care providers. While women continue to provide the greater proportion of care, they are able to do so in improved conditions and with better recognition, in many cases as members of their own provider-owned co-operatives.

In some countries health co-operatives - particularly where developed from the consumer-owned retail co-operative movement - are in fact largely a women's movement. This is the case with the health co-operatives within the Japanese Consumers' Co-operative Union, whose members are predominantly women, and whose prevention and community outreach programmes are organized very largely through the neighbourhood "han-group" system, all but a few members of which are women.

The emphasis given by consumer-owned retail co-operatives, and increasingly by agricultural production, processing and marketing co-operatives to improved nutrition is clearly of particular relevance to women, who

⁶ UN Department for Policy Coordination and Sustainable Development and International Co-operative Alliance. Co-operative Enterprise in the Health and Social Care Sectors: A Global Review and Proposal for Policy Coordination (First Draft). Geneva and New York, November 1995. p. 141.

retain in most societies the largest responsibility for final processing and distribution of food.

The emphasis given by housing co-operatives to the particular needs of women, and the appearance of women's own housing co-operatives, are significant for women's advancement. Co-operative insurance enterprises have begun to adjust their products to meet the particular needs and circumstances of women members.

Women and the Economy

Co-operatives have developed policies aimed at increasing the productivity and commitment of their workforce (i.e. both members and employees). Economic sense combined with the application of the co-operative principle of democracy have led many co-operatives to analyze how to secure the full and effective participation of women.

In advanced market economies, co-operatives have adopted policies which allow women to better reconcile work with family responsibilities, while in others "Family Policies" are being enacted to allow for the sharing of family responsibilities by men and women. These are particularly well developed in the co-operative movements of the Nordic countries and North America.

Personnel policies and conditions of work in co-operatives have been modified to include flexible hours, com-

pressed work schedules, seasonal hours, job-sharing, support for the elderly and children including on-site child-care, financial support child-care, extended maternity/paternity leave, use of sick leave or personal leave. For example, in Japan, women employed by co-operatives noted that co-operatives are better employers as they offer "fringe benefits for women including a child-rearing leave system" and "no custom of encouraging a women's resignation after she marries or has a child"⁷. Co-operatives in Sweden have pioneered equal opportunity programmes. The first comprehensive programme for equal opportunities on the Swedish labour market was adopted in 1978 by Folksam, and insurance co-operative group. Kooperativa Forbundet, a consumer co-operative, has more recently adopted an ambitious plan for equal rights focusing on how KF, as an employer, can implement measures ensuring equal rights and opportunities for women. The policy includes provision for equal pay, provision of education and training as well as gender sensitization seminars for at least 70% of its employees in the first year.

The ICA Resolution of September 1995 on Gender Equality in Co-operatives specifies that "women and men must have equal participation and opportunities, the same working conditions and equal pay for equal work, as well as equal training and educational opportunities".

⁷ Japanese Consumers' Co-operative Union. Report on Japanese Co-operators Views on Gender Integration: Women's Work? Men's Work? 1995. p. 16.

Women in Decision-Making

Co-operatives, by means of its democratic structure, offer women a channel for gaining experience and for upward-mobility in the power structure of the movement itself. In Asia, for example, women at grassroots levels, have reported that participation in co-operatives have increased their self-esteem, provided access to education (functional literacy, health and nutrition, etc.) and training, and has helped them to develop their leadership skills.

The little statistical evidence presently available on women co-operators in decision-making positions shows that women are not yet adequately represented in the ranks of power, policy and decision-making. However, the co-operative movement is making a concerted effort to improve women's access to decision-making positions. For example, the World Council of Credit Unions, an international organization bringing together savings and credit co-operatives and credit unions worldwide, has been actively seeking ways of increasing women's participation in decision-making. Recommendations were presented to the WOCCU Board of Directors Annual General Meeting in July, 1994 calling for increased education programmes targeted at credit union officials, staff and members; increased attention to gender issues and more active recruitment of women for leadership roles and board positions⁸.

The International Co-operative Alliance (ICA) has also called on its mem-

bership to take an active role in increasing women's participation in decision-making both at the global ICA and national levels. At its Centenary Congress, national movements were reminded that delegations should aim at gender balance and that efforts need to be made to ensure women's access to decision-making levels. Also, ICA regional human resource development programmes in Africa, Asia/Pacific and Latin America are providing training to assist in the promotion of women to management positions.

The Japanese Consumers' Co-operative Union (JCCU) adopted an action programme "Aims for the Co-op to Promote Gender Integration" in December, 1994 which it recommended affirmative action programmes to ensure women at top management positions.

Women and the Environment

Co-operatives are particularly suited to the achievement of sustainable forms of development: a fundamental principle of the international co-operative movement is that such enterprises are concerned about the sustainable development of the communities in which they exist by means of policies that are respectful of the environment. Members of co-operatives are able to ensure, because they are the owners, that their enterprises adopt sustainable business goals and practices. Co-operatives worldwide have adopted an environmental ethic and in some countries have taken the lead.

⁸ Women and Credit Unions' Symposium, 2 July 1994, Cork, Ireland.

Women have often been at the forefront of developing good practice, by campaigning on environmental issues, monitoring products and recycling packaging. Women members of consumer co-operatives have been particularly active. In Japan for example 90% of the 17.3 million members of co-operatives are women. They have played a most important role in the Japanese Consumers' Co-operatives activities in supplying environmentally friendly products, monitoring pollution levels, recycling resources, lobbying local and national authorities, networking with civil organizations and organizing campaigns requesting more effective national environmental policies.

Women members of housing co-operatives, health co-operatives, savings and loans co-operatives, co-operative banks, co-operative insurance enterprises and community development co-operatives have also played an important role in their adoption of environmentally sensitive goals and practices.

It should be noted however, that above all, co-operatives, due to their member orientation, have an enormous potential for raising public awareness through the education and training of their members and the communities in which they serve.

The members of the International Co-operative Alliance (ICA) recognized the important role of co-operatives in promoting sustainable development and adopted the "Co-operative Agenda 21" at the ICA Centenary Con-

gress in Manchester in September, 1995. The document identifies the present and potential contribution of the co-operatives in promoting environmental and development objectives and the important role of women in influencing the sustainable development policies.

Institutional Arrangements for Implementing the Beijing Declaration and Platform for Action

The international co-operative movement pledged in Beijing to collaborate with the United Nations system, Governments and the civil society to contribute to the implementation of the Platform for Action.

As mentioned earlier, the International Co-operative Alliance (ICA) has taken concrete steps in this direction with the collaboration with the International Labour Office in the production the training package "Gender Issues in Co-operatives: AN ILO-ICA Perspective". Gender sensitization is one of the priority activities in the ICA work programme. It has further committed itself to providing training to women in co-operatives as a means of promoting women's increased participation in decision-making through its regional human resource development programmes in Africa, Asia/Pacific and Latin America.

The over 210 international and national member organizations of the ICA have an equal commitment to implementing the Platform of Action. Co-operative organizations in Bolivia and Italy have communicated their programme of activities aimed at con-

tributing to the implementation of the Platform. These include partnership activities with local and national Government, activities aimed at sensitizing their communities and internal policies and programmes.

In addition, the International Co-operative Alliance, the World Council of Credit Unions and the International Federation of Agricultural Producers all have special programmes and bodies concerned with promoting and supporting the contributions made by co-operative enterprise throughout the world to the advancement of women to full equality with men. Their work is supported by numerous Govern-

ments, who channel technical assistance through national co-operative development organizations, and by inter-governmental organizations, including, within the United Nations system, the International Labour Organisation, the Food and Agriculture Organization of the United Nations and the United Nations itself.

These organizations of the international co-operative movement are prepared to collaborate in an enlarged partnership with the UN system, Governments and civil society to ensure rapid implementation of the Beijing Declaration and Platform for Action.

The ILO 75 Years Co-operative Service

by Joe Fazzio and Gabriele Ullrich¹



The Lesser-Known Services

The present interest in the United Nations (UN) takes place in different, often contradictory forms. Such interest may be positive or negative, however and those expressing opinions about the UN often have little knowledge of the structures, instruments and activities of the various UN agencies. What is known about UN activities mainly concerns politics, peacekeeping efforts and macroeconomic issues. The way in which the UN system responds to the concern of people in their

daily struggle for economic and social survival is less well-known. This mostly takes place through the people's own organizations, particularly co-operatives and similar organizations.

Co-operative Promotion

The promotion of co-operatives is an area of concern which has recently attracted new attention in the global UN system and is being taken up by the UN structures in various ways. Based on the UN Secretary General's report on the global situation of co-operatives² the General Assembly of the UN adopted a resolution³ which provided a new challenge for its specialized agencies such as the FAO, ILO, UNESCO and UNIDO in promoting

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co-operatives. In 1994 the Secretary General issued a new report on co-operatives⁴ which led to Resolution A/49/605. The first of July, 1995, was declared the first International Co-operative Day for the UN system. The UN issued a special press release⁵ which featured co-operatives as private business enterprises within the market system, with both economic and social functions and operating according to a declared ethic of social responsibility. As "schools for democracy" they fostered social partnership for sustainable development.

Within the UN system the largest programme for the promotion of co-operatives exists within the International Labour Organization, which has its headquarters in Geneva. The ILO is the oldest of the UN's special agencies. Founded in the times of the League of Nations in 1919, its constitution was established as an annex to the Treaty of Versailles, at the end of the first World War. Despite this historical weight, the ILO is unknown by the public within many countries. Among specialists, the ILO is known either as the UN Organization which develops international conventions and recommendations (standards) for the improvement of working and living conditions, or as a UN body which organizes development projects involving technical co-operation through its Secretariat, the International Labour Office. The way in which such activities interact and thus offer a unique potential for sustainability is not generally known. For instance, by promoting co-operatives the ILO can contribute effectively to developing and sustaining democ-

racy and, at the same time, alleviating poverty.

The foundation of the ILO was intended to promote social justice and improve living conditions worldwide. One of the most important means by which this might be achieved was the freedom of association, which also included the establishment of co-operatives and similar self-help organizations. The founders of the ILO and those of the co-operative movements were convinced by the arguments promoted by the social movements of the 19th century, that democracy could best be practised in self-managed and self-controlled organizations.

Special Structure for ICA

To this end, the ILO's constitution provided for official consultations with the internationally recognized organizations of employers, workers, agriculturalists and co-operators. Consequently, from the beginning, the International Co-operative Alliance (ICA) was given a special observer status with the right to speak to any ILO body or at their meetings. Moreover, in 1920, the Office established a special Co-operative Service. Consultations with co-operators never reached the status of those with the employers' and workers' organizations which, together with the Governments have voting rights in all ILO bodies. However, in the past 75 years frequent worldwide meetings of experts have taken place on questions concerning co-operative development. These led to the establishment of a standing panel of experts on co-operatives and, in 1966, to the adoption of the ILO Rec-

ommendation No. 127 Concerning the Role of Co-operatives in the Social and Economic Development of Developing Countries.

This Recommendation was adopted in the times of increasing technical co-operation with developing countries and was thus addressed to the Governments of these countries. In the 60s and 70s they were considered to play an important role in promoting co-operatives and similar self-help organizations which were regarded as the instruments through which global development goals might be achieved. This approach started changing in the 80s. Nevertheless the value of Recommendation No. 127, as the only international standard on co-operatives, was recognized as having contributed significantly to the development of a more precise idea of co-operative policy and legislation. Its text gave a clear definition, that a co-operative is "...an association of persons who have voluntarily joined together to achieve a common end through the formation of democratically controlled organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate" (12, 1(a)).

This formulation permits the inclusion of similar self-help organizations, with other legal forms or with no legal identity. The ICA Statement on Co-operative Identity, declared at its Centennial Congress in Manchester 1995, is largely similar to the definition in ILO Recommendation No. 127.

Recommendation No. 127 also emphasises on the importance of co-operative legislation and related laws in promoting co-operatives, and stresses the importance of education and training, of financial and administrative aid; and supervision and international co-operation.

Co-op Development Policy

After the adoption of Recommendation No. 127 by the International Labour Conference ⁶ in 1966, a meeting of experts took place in 1968 to analyse the impact of the Recommendation. The opinion of the meeting was that it was too early to assess the consequences of such a far reaching recommendation. However, the framework of the ILO's co-operative development policy was established.

As a UN Organization which has to respect the autonomy of national policies and therefore cannot influence the implementation of a recommendation directly, the ILO's activities were limited to publicising its Recommendation and promoting its ideas through technical co-operation projects with co-operative movements and authorities in the countries concerned.

In the 25 years which followed, no further meetings of experts were organized by the ILO on this subject. The ILO Co-operative Service concentrated its efforts on the implementation of technical co-operation projects for co-operative development. Meanwhile, the research and information activities lost their importance. Financed through various bilateral programmes with the Scandinavian countries, the

Netherlands, Switzerland and later with Germany, France and Italy as well as through the UNDP, such projects assisted the creation of co-operative authorities, training and development centres. This resulted in an increase in new co-operatives and improvements in the education and training of their members and staff.⁷

In order to promote the economic autonomy of co-operatives, projects fostered trade between co-operatives, the development of co-operative management training materials (the best known of which is MATCOM⁸), the adjustment of co-operative structures to improve economic undertakings as accounting, audit and credit. At the same time the ILO provided advisory services on co-operative legislation, which was one of the issues highlighted in Recommendation No. 127.

Change in Direction

During the 80s, however, it became increasingly evident that the co-operative authorities within recipient countries failed to pass on their know-how to the co-operative movements, merely using to direct and control co-operative affairs. As the most highly qualified personnel of most of the developing countries was concentrated in Governmental structures, programmes of training and sensitization started in these structures. By the end of the 80s, however, there were increasing political demands for an end of the State intervention in co-operative matters (e.g. at the ILO 7th Regional Conference for Africa in Harare 1988). In order to promote the development of democratic forces other means had to

be found to promote self-help organizations: education and training at grassroots level, assistance with the creation and management of autonomous co-operatives and self-help groups, the development of participatory approaches to promotional activities and the setting of a political and legal environment conducive to co-operative development.

The Co-operative Branch of the ILO developed various programmes which aim to improve education and consciousness-raising directly at grassroots level⁹, to ensure the economic survival of co-operative organizations¹⁰, to adjust structures and policies to the changing environment¹¹, and to establish networks among co-operative institutions at national, regional and interregional levels for the development of their human resources.¹² In these programmes the alleviation of poverty through increasing wages and (self-) employment and the development of democratic behaviour go hand in hand.

Worldwide Experts Meeting

In 1993 the ILO convened another worldwide meeting of experts on co-operatives. This was meant to assess developments of relevance to the ILO mandate. In particular, the above-mentioned Recommendation No. 127 was to be analysed, as well as the role of human resource development in the economic viability, efficient management and democratic control of co-operatives and the role of co-operatives in the promotion of employment and income. According to this agenda, the experts assessed the role of such or-



ganizations in the improvement of the economic situation and of social justice of lower income groups in the sense of the UN Resolution of 1992.

The role of such expert meetings is to advise the Director General of the Office in the preparation of subjects relevant to the International Labour Conference. The meeting of 1993 was attended by 15 experts from co-operative institutions from worldwide as well as two each from employers' and workers' organizations. Twelve observers from institutions working in this area, including the ICA, also attended.

The experts were of the opinion that Recommendation No. 127 had contributed significantly to co-operative development in the countries concerned. They considered the text of the Recommendation should be revised in the light of changes in democratization, structural adjustment and employment. In particular the Recommendation should be addressed to all countries, as its aims were also applicable to the new democracies in Central and Eastern Europe, and to industrialized countries in the West. All countries should create an environment conducive to the development of co-operatives able to survive as private enterprises without State's attempts to use them to implement macro-economic goals.

The experts stressed that such developments were only possible if the individuals involved in all groups concerned were well prepared to participate in and contribute to these developments.

Hope for the Unemployed

Co-operatives and similar self-help organizations were considered by the experts to be an efficient possibility of self-employment and thereby provide for those unable to find employment within private enterprises or public bodies. According to the ILO's World Labour Report of 1992, within most developing countries less than 50 per cent of the workforce in the non-rural sector and less than 75 per cent in the rural sector is able to undertake waged employment. This makes the search for alternative employment opportunities one of the most urgent challenges currently faced. Co-operative organizations offer entrepreneurs survival in the formal and informal sector, and also an improvement in the living standards. By joining together in such organizational forms, small economic units can obtain services, finance and information at favourable terms. Thus, co-operatives have an impact on both employment and income situation and can help to alleviate poverty in developing countries. At the ILO meeting of 1993, experts from co-operative institutions, employers' and workers' organizations confirmed these effects. Nevertheless, they warned to stress the dangers involved in such self-help organizations as being used by Governments, donors and NGOs to achieve macro-economic goals.¹³

Focusing on Co-op Law

In May 1995, the ILO convened another worldwide meeting of experts, this time with a focus on co-operative law. The ILO Governing Body decided that the meeting was to discuss the

impact of labour law, industrial relations and international labour standards on co-operatives and co-operative law, as well as co-operative law and the regulatory role of the State.

The Meeting noted that recent economic trends including structural adjustment and particularly privatization, have highlighted the role of co-operatives in promoting self-employment and wage employment. Co-operatives are being formed with a strong emphasis on their original values, including collective self-help, equality, democracy and strong member participation. The growth of the co-operative movement worldwide required an examination of labour law and labour relations in relation to co-operatives as business enterprises of employers. In recent years, due to increased competition in the market economies, many co-operatives have grown from small member-owned and operated enterprises into larger businesses with a formal organizational structure, a detailed division of work and salaried employees and managers. This has been the case for both service and production or worker co-operatives. Therefore, co-operatives have become increasingly subject to the application of labour law and labour relations systems as has any other form of business enterprise in the private sector.

The Meeting considered, nevertheless, that the issue was more complex in the case of worker co-operatives, where the members were simultaneously both the owners and the workers. The members, as self-employed individu-

als, are subject to an association agreement to establish a co-operative business enterprise as owners, yet they are also employed by the enterprise. The Meeting noted that a major question arises in the case of worker co-operatives as to whether the member-workers have the legal status of employees and thus are subject to labour law, or whether they are independent self-employed workers subject only to the agreement of association establishing the co-operative. Legal practice in many countries does not provide a clear answer to this question. Thus, the application of legislation governing hours of work, holidays, minimum wages and collective bargaining is often difficult to enforce in these circumstances. The Meeting, however, noted that safety and health, as well as social security aspects, should receive particular attention. The Meeting was of the opinion that the relationship between the co-operatives and the labour market should be further investigated.

The issue of labour relations was also examined by the Meeting. The experts observed that the traditional employer/employee relationship would apply to paid managers and to those workers within co-operatives who are not members. The critical issue, however, is the relationship between the management of a co-operative enterprise as an employer and the members in their quality as both owners and workers. This management-member relationship in co-operatives is very important, especially when compared to other forms of business enterprises, as the members are not only owners

of the enterprise, but are simultaneously involved as suppliers, or clients or workers.

This relationship has inevitably given rise to legal problems, but the general trend is that worker-members should receive all the benefits of labour law and social security, currently enjoyed by worker non-members.

The Meeting gave careful consideration to the importance of international labour standards to co-operatives, their members and non-member employees. The experts noted that the standards concerning employment, training, social policy, freedom of association, labour administration, occupational safety and health, social security and working conditions were all relevant to worker members and non-member employees alike. Furthermore, the Recommendation concerning the role of co-operatives in the economic and social development of developing countries, 1966 (No. 127) was reviewed and judged to have had a beneficial impact on the promotion of true democratic and independent co-operatives. The experts therefore endorsed the conclusion of the earlier Meeting of Experts that the Recommendation should be revised to update and extend its policy guidelines to all countries, and that ILO member States should take appropriate action.

The Meeting also gave careful attention to the role of the State in enforcing co-operative law in the light of changing economic conditions. Due to recent trends towards political lib-

eralization and the market economy in developing countries and economies in transition, long-established Government supervisory structures have been called into question and have been weakened. The role of the State and of co-operative law has changed, and basic elements of the legal structure such as collective, co-operative or State property have now become part of the private sector. Co-operatives, formerly viewed in some countries as parastatals, have become true private and autonomous institutions. Structural adjustment policies have reinforced political liberalization and the trend towards democratization, de-officialization and the deregulation of the co-operative movements in developing countries and in the former Socialist countries. The experts noted that experience has shown that co-operatives cannot develop under strong Government control, and that the trend is towards the reform of co-operative law to limit the regulatory powers of the State.

In developed countries, the role of the State under co-operative law has been historically limited to a promotional role based on the belief that efforts to improve the business efficiency of co-operatives and thus help them to compete with other enterprises should be encouraged. At the same time, co-operatives are allowed to adopt rules of management and finance similar to other forms of enterprise in the private sector. The Meeting endorsed the view that the required reform of the regulatory role of the State would be facilitated by a revision and updating of Recommendation No. 127.¹⁴

An Opportunity for Recognition

The results of these meetings initiated a process which has led to discussions within at the level of the Governing Body of the ILO and of the International Labour Conference and may result in a revision of Recommendation No. 127. This would, however, depend on the reaction of Governments, employers' and workers' organization represented in these bodies, and also in the need for such a discussion to be expressed in the lobbying process for the agenda of these bodies. The disadvantage for co-operatives is that there is no formal constituency in the ILO bodies, and thus the lobbying has to take place via Governments', employers' and workers' representatives. The dialogue among the over 172 plus member States of the ILO, involving governments, employers' and workers' organizations and co-operative federations would re-launch the concerns of co-operatives and similar self-help organizations at the widest and

highest levels. Never before was the chance greater for them to be recognized as autonomous, economically self-reliant and democratically controlled private sector enterprises, which should be offered the same opportunities for development as other private enterprises without interference from the State in an environment where they can develop the impact described above. This concerns the improvement of employment and income, as well as the development of human resources.¹⁵

At the same time the Co-operative Branch of the ILO continues its assistance to the co-operative institutions and thus to create for them an enabling environment through technical co-operation projects and advisory services. They are meant to assist in improving the conditions for democratic attitudes and efficient management as well as the development of employment and income opportunities.

Notes

¹ Joe Fazzio is Chief of the Co-operative Branch of the ILO; Gabriele Ullrich was until September 1995 Chief of the Section on Human Resource Development, Legislation and Information in the ILO Co-operative Branch.

² Status and role of co-operatives in the light of economic and social trends, Report of the Secretary General of the UN (A/47/216/43) of 28 May 1992. The drafting of this report was assisted by the Joint Committee for the Promotion and Advancement of Co-operatives (COPAC) to which besides UN agencies also international NGOs such as ICA and WOCCU belong.

³ UN General Resolution 47/90 adopted on 2 November 1992.

⁴ Status and role of co-operatives in the light of new economic and social trends, Report of the Secretary General of the UN (A/49/213 of 1 July 1994).

⁵ United Nations in Focus: "Co-operatives: Schools for Democracy", New York, 1 July 1995

⁶ The International Labour Conference (ILC) is the annual general assembly of the International Labour Organization which offers the member governments, employers' and workers' organiza-

tions a global forum for the discussion of social and labour issues. The ILC adopts the international labour standards and the Office's budget.

⁷ See also the ILO background paper for the Meeting of Experts on Co-operatives in 1993 by H.-H. Münkner "Review of the Impact of the Recommendation Concerning the Role of Co-operatives in the Economic and Social Development of Developing Countries", Geneva 1992.

⁸ ILO Materials and Techniques for Co-operative Management Training.

⁹ The ACOPAM (Appui associatif et co-opératif aux initiatives de développement à la base) and INDISCO (Inter-regional programme to support self-reliance of indigenous and tribal communities through co-operatives and other self-help organizations) programmes.

¹⁰ The INTER-COOP (International network of co-operative trade partners) programme.

¹¹ The CO-OPREFORM (Structural reform through improvement of co-operative development policies and legislation) programme.

¹² The CO-OPNET (Human resource development for co-operative management and networking) programme.

¹³ ILO Final Report on the Meeting of Experts on Co-operatives, Geneva, 29 March to 2 April 1993, ILO Working Paper on Co-operative Development, 1993.

¹⁴ The report of the meeting was approved by the Governing Body of the ILO in its 264th Session (November 1995).

¹⁵ The role of co-operatives as "schools of democracy" in the process of economic liberalization and of employment creation is specifically emphasized by the ILO Director General's report of 1992 on "Democratization and the ILO".

1995 Profile: Agricultural Co-operation throughout the World. An Overview

by Ginette Carré* and Daniel Côté*



Why Have a Study?

In the Summer of 1994, we carried out a study of agricultural co-operatives throughout the world at the request of the directors of the Coopérative Fédérée de Québec. Despite the resounding successes of co-operative enterprise in the agro-food industries of a number of countries, there were few works that would give readers an idea of the size of the contribution made by agricultural co-operatives on a world-wide scale. The *1995 Profile : Agricultural Co-operation throughout the World* therefore partly helps to fill this gap.

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The publication covers 47 countries for which one can find information, by country, on the number of co-operatives, the number of members and the total turnover of the agricultural co-operatives. For 24 countries, more substantial data made it possible to present the situation in the form of country data sheets.

Widespread Phenomenon

The overall picture that emerges confirms that agricultural co-operatives throughout the world play a strategic role. The co-operatives in the 47 countries documented have a total turnover of more than \$US 450,000 million. We are therefore dealing with a major phenomenon and this finding is confirmed in the East and the West, in the North and in the South.

Table 1: Picture of the world situation (totals for the 47 countries surveyed)¹

Continent	Number of members	Number of co-operatives	Turnover (\$US million)
Europe	19,288,023	53,315	215,616
Asia	148,403,784	243,375	121,032
Americas	6,001,492	12,249	104,491
Africa	6,649,180	22,226	8,557
Oceania ²	100,090	151	5,373
TOTAL	180,442,569	331,316	455,069

Table 2: Europe - Countries ranked by turnover

Country (year)	Number of members	Number of co-operatives	Turnover (\$US million)
France (1994)	720,000	16,800	74,996
Germany (1994)	3,768,000	5,198	50,632
Netherlands (1994)	290,147	271	25,461
Ireland (1993)	157,847	98	10,900
Sweden (1994)	306,000	64	10,900
Denmark (1993)	109,713	111	10,475
Italy (1992)	436,239	3,549	8,452
Austria (1993)	466,207	1,155	8,312
Norway (1994)	n/a	83	4,760
United Kingdom (1993)	247,542	498	3,842
Finland (1994)	101,800	61	3,814
Spain (1990)	830,040	3,116	3,016
Switzerland (1993)	70,000	624	2,114
Belgium (1990)	48,270	100	1,896
Iceland (1993)	28,100	26	415
Luxembourg(1990)	3,400	12	259
Cyprus (1994)	30,100	65	67
Greece (1990)	934,863	7,255	65
Czech Republic (1993)	2,130,655	2,612	n/a
Poland (1989)	7,963,200	8,133	n/a
Bulgaria (1993)	329,000	1,205	n/a
Hungary (1990)	316,900	1,335	n/a
Portugal	n/a	944	n/a
TOTAL	19,288,023	53,315	215,616

¹ The totals were calculated from country data recorded for various years according to the information available.

² The picture of Oceania is based on partial data from Australia.

Europe

On the basis of turnover, European agricultural co-operatives head the world ranking with a volume of more than \$US 215,000 million. Three countries - France, Germany and the Netherlands - occupy leading positions in the world as well as in Europe. The presence of agricultural co-operatives in Ireland, Sweden, Denmark, Italy and Austria is less extensive but still significant. And an analysis of the evolution of the European situation³ enables us to derive the following findings.

In general, there has been a steady fall in the number of co-operatives and the number of members in all European countries. For the number of co-operatives, there is a clear trend but it is difficult to measure because the data generally cover two statistical years (1993 and 1994). In Germany, however, since the figures cover a longer period (1987-1994), one can obtain an overview of the phenomenon, which shows a decline of 20%. Only in France was there an increase, as a result of the development of the CUMAs (agricultural machinery use co-operatives) in the 1980s. The more precise figures for the fall in the number of members indicate that the downward trend is making itself felt more or less strongly according to the countries documented. For most of

them, however, the reduction is around 25% for periods covering the last five to ten years.

A study of the evolution of turnover offers a more meaningful picture of the situation of the European agricultural co-operatives and sometimes shows up opposite situations from one country to another. France, at the top of the European ranking, stands out. It is in fact the only country where the turnover of the agricultural co-operatives is steadily increasing. For the other major European countries, turnover in Germany, the Netherlands and Denmark is relatively stable with a slight falling trend when the figures are observed in national currency. Countries like Finland, Norway, the United Kingdom and Sweden⁴, are distinguished by a major decline in the turnover of all their agricultural co-operatives.

It is difficult - without figures that would permit an estimate of the relative share held by agricultural co-operatives in relation to total activity generated by the agro-food sector in a given country - to ascertain from the *Profile* whether the agricultural co-operatives maintained their position in Europe or whether, as the above study on the evolution of turnover would lead one to think, the European agricultural co-operatives are in decline.

³ N.B. The European countries we were able to document with more complete data sheets are Denmark, Finland, France, Germany, Iceland, Netherlands, Norway, Sweden, Switzerland, United Kingdom.

⁴ It can be seen that the data available in the sheets for Iceland and Switzerland makes it possible to trace the evolution of the turnover of co-operatives in these countries.

We hope that future editions of the *Profile* will allow us to obtain a clearer view of the situation. The situation must also be viewed in the light of the sectors of activity in which the agricultural co-operatives operate, because it may be relevant to take a look at the vitality or otherwise of those sectors, their role in the economies of the European countries, etc.

From this standpoint, the European agricultural co-operatives occupy an important place in the dairy and meat industries, in terms of both turnover and market share. By way of example, dairy-product processing and marketing activities account for more than 30% of the total turnover of the agricultural co-operatives in the following countries: Germany, the Netherlands, Denmark, Finland, and Norway. Market shares are often over 90% - this is true for Denmark, Sweden, Finland and Norway. In Denmark, two co-operatives, MD Foods and KloverMaelk, alone control 80% (66% - 14%) of the country's dairy production.

France and the United Kingdom, in particular, offer a different picture. In these countries, the agricultural co-operatives are present in a wider range of sectors, although some are dominant. This is the case in France where, despite a presence of the co-operatives in most agro-food sectors, the dairy industry and the livestock slaughtering sector are the largest in terms of turnover. The agricultural co-operatives in the United Kingdom are notable for being active in many sectors and having a rather modest turnover.

Asia

Although very few Asian countries could be documented within the study, the availability of data on the turnover of agricultural co-operatives in Japan, the Republic of Korea, India and China does make it possible to produce a fairly meaningful overall picture of Asia's agricultural co-operative position.

It is already possible, for example, to position Asia as a continent that makes a major contribution to the world total in terms not only of the number of co-operative members and the number of its agricultural co-operatives but also of turnover. Asia has in fact the second largest agricultural co-operative turnover by continent. This is mainly because of the volume of turnover of the Japanese agricultural co-operatives, which head the ranking by country with a turnover of nearly \$US 90,000 million.

Our ability to make a more detailed study of the evolution of the agricultural situation on the Asian continent is limited for two particular reasons. First, the information available to us as we went to press allowed us to prepare only four country data sheets - for Japan, the Republic of Korea, India and Israel. Second, the complexity of the Asian co-operative systems prompts caution when analysing the figures shown.

Subject to these reservations, we can nevertheless see that the picture that emerges from the current data on Asia differs greatly depending on the countries listed. The differences are some-

thing of a reminder of the cultural, political and economic diversity of the sub-regions contained within Asia. One can see, for example, that there has been a decline in the number of co-operatives in Japan (30% during the period 1984-1993) and in the Republic of Korea (7% between 1989-1993), while the numbers are rising strongly in India (162% between 1990-1993). Data series for Israel, China and Sri Lanka were not available. If we look at the evolution of the number of members we also see differences between countries. Throughout the period covered by the study, i.e. since 1984, Japan, for example, has shown a gradual decrease in the number of agricultural co-operative members. The same is true for the Republic of Korea, although the data is more patchy and approximate. In India, there was a 44% increase between 1990 and 1993 in the number of members of agricultural co-operatives.

While Japan and the Republic of Korea have shown movements in the same direction for the number of agricultural co-operatives and the number of members, the same cannot be said

when one looks at the evolution of the turnover of the agricultural co-operatives in the two countries. In Japan, the total turnover of the agricultural co-operatives increased by 17% between 1987 and 1993, to reach nearly \$US 90 billion. Korea's agricultural co-operatives, however, after a rapid growth in turnover in the 1970s, experienced a slowdown during the 1980s, followed by a marked decrease at the beginning of the 1990s as a result of which the turnover of the Korean agricultural co-operatives has fallen overall by 3% since 1980. In India, reinforcing the picture that is already emerging, the growth of 45% in the turnover of the Indian agricultural co-operatives between 1990 and 1993 seems to indicate that agricultural co-operatives in India are booming.

The complexity of the co-operative systems in Asia is shown particularly clearly in the country data sheets on Japan, the Republic of Korea and India, where the insurance sector and the financial sector are considered to be part of the structure of their agricultural co-operatives. Furthermore, at the local level, the co-operatives in

Table 3: Asia - Countries ranked by turnover

Country (year)	Number of members	Number of co-operatives	Turnover (\$US million)
Japan (1993)	5,484,000	3,073	89,174
Republic of Korea (1993)	2,000,000	1,404	11,000
China (1994)	n/a	35,000	9,225
India (1993)	140,700,000	202,000	9,014
Israel (1993)	120,400	1,311	2,549
Sri Lanka (1993)	99,384	585	70
TOTAL	148,403,784	243,375	121,032

each of these countries are generally multi-purpose enterprises offering product marketing services, input supplies, credit, etc. Despite this common finding, the situation varies greatly from one country to another.

In Japan, for example, one of the aims of the basic multi-purpose co-operatives is to improve the living conditions of farmers by action in the areas of consumption, health (the agricultural co-operatives own a hundred or so hospitals) and leisure activities. They thus play an important role in the rural communities. There are also "specialised" co-operatives, which are more like the model to be found in Europe. They are active in specific sectors (marketing of fruit and vegetables, livestock and meat products, sericulture).

In India, the agricultural co-operatives are structured by sector of activity (marketing, supply, etc.) and by product, although at the local level there are co-operatives that assume a varied role (credit, supply, storage). Increasingly however, the Indian co-operatives are tending to evolve towards specialised processing and marketing activities, which currently make a major contribution to the turnover of India's agricultural co-operatives. Three sectors dominate: 1) sugar cane and sugarcane processing; 2) cereals and jute production; 3) cotton, including yarn. We note finally that the dairy co-operatives are a growth sector.

Israel is a special case. The strength of the agricultural co-operatives there is undeniable. In fact, the *kibbutz* and *moshavs* control 80% of the value of the agricultural production of Israeli farms. In addition to the *kibbutz* and the *moshavs*, there are water supply companies (25% of agricultural co-operatives) and various co-operatives specialising in supply or marketing.

The Americas

Although the information⁵ available is limited, the *1995 Profile : Agricultural Co-operation throughout the World's* estimate of a total turnover of more than \$US 104,000 million allows us to put the agricultural co-operatives of the American continent in third place. The United States alone accounts for 80% of this turnover, followed by Brazil and Canada.

From the data available in the country data sheets, we can draw a more accurate picture of the evolution of the situation of the agricultural co-operatives on part of the American continent.

Thus, where valid data are available, one can currently see in all these countries, with the exception of Mexico, a more or less marked reduction in the number of agricultural co-operatives and the number of co-operative members. The reduction in the number of co-operatives seems to be the strongest in the United States, where the figure has reached 26% in ten years. The evolution of the situation in Mexico, from

⁵ The study uses a compilation of data on eight countries - the United States, Brazil, Canada, Colombia, Mexico, Argentina, Costa Rica and Chile but the information is often partial; so we find more or less detailed sheets in it on the first five countries of eight listed.

Table 4: The Americas - Countries ranked by turnover

Country (year)	Number of members	Number of co-operatives	Turnover (\$US million)
United States (1993)	4,023,264	4,244	82,900
Brazil (1990)	978,940	1,393	12,338
Canada (1993)	599,179	823	9,253
Columbia (1992)	158,599	255	n/a
Mexico (1994)	129,352	2,950	n/a
Argentina (1994)	79,337	2,123	n/a
Costa Rica	32,821	61	n/a
Chile	n/a	400	n/a
TOTAL	6,001,492	12,249	104,491

the viewpoint of both the number of co-operatives and the number of members, has shown fluctuations, but as part of a general upward trend.

When the previous data are compared with the evolution of turnover, it can be seen, specifically in the case of the United States, that the decline in the number of co-operatives and number of members was accompanied by an increase in turnover of the order of 12% over the last 10 years. In fact, after having gone through a rather difficult period of adjustment during the 1980s, the United States co-operatives have seen, from the early 1990s, a turnaround in the situation that has, incidentally, translated into a continuous growth of market share in some sectors. We would stress that, on a worldwide scale, the volume of business handled by the United States agricultural co-operatives is often impressive even in sectors of relatively slight importance within the United States. In the livestock sector, for example, with

a turnover of \$US 5,500 million dollars, or 6% of the total turnover of the United States agricultural co-operatives, the US co-operatives lie second on the world scale, while only the German co-operatives have a larger total turnover for activities in this sector.

The picture of the evolution of the total turnover of the Canadian agricultural co-operatives is less clear. Since 1987, there seems to be a slight upward trend, but the absence of information on the market share held by agricultural co-operatives in the whole Canadian agro-food sector does not enable us to judge whether this rise indicates a strengthening of the position of the agricultural co-operatives on the markets. In the case of the other countries covered by the study, the data available does not permit us to trace the evolution of the turnover of the agricultural co-operatives.

In the Americas, the agricultural co-operatives are active mainly in the

processing and marketing of agricultural products. This is clearly the situation in the United States and Canada, where the co-operatives account for nearly 75% of total turnover. But this is also the case in Brazil and Colombia, where the modernisation of the agricultural co-operatives seems to have been accompanied by a specialisation in processing and marketing activities. The agricultural sectors where the co-operatives dominate in those four countries are cereals and dairy products, although the strength of their positions on the markets varies according to the country. In Canada, for example, despite a strong presence of the co-operatives on the cereals and oilseeds markets, it must be stressed that the agricultural co-operatives are seeing, in Canada as a whole, a fall in their market share in this sector; while their market share was rising by 51-60% in the dairy products sector between 1977 and 1992. In livestock, the

Canadian co-operatives seem to be particularly dynamic in hog processing and marketing.

Africa

The current African picture is built up from data from eight countries: South Africa, Egypt, Ethiopia, Morocco, Namibia, Uganda, Senegal and Zambia. Data sheets could be constructed for four of them - Egypt, Morocco, Uganda and Zambia. We therefore recognise that our ability to estimate the importance of agricultural co-operatives in this region of the world is limited because, in view of their number, these countries provide a very partial view of the whole of the continent. Moreover, only a few of them play a significant role in the volume of the agricultural production of the African continent. Finally, for each of these countries, the current data are still elementary. It would therefore be presumptuous to try to derive trends from them

Table 5: Africa - Countries ranked by turnover

Country (year)	Number of members	Number of co-operatives	Turnover (\$US million)
South Africa (1994)	196,000	258	6,913
Egypt (1994)	4,250,000	6,542	1,528
Namibia (1994)	8,109	25	124
Senegal (1994)	800,000	4,500	2
Uganda (1994)	898,944	4,381	n/a
Zambia (1994)	340,482	1,375	n/a
Morocco (1993)	155,645	2,024	n/a
Ethiopia (1994)	n/a	3,121	n/a
TOTAL	6,649,180	22,226	8,557

in terms of the evolution of the number of members, number of co-operatives or turnover particularly since, even where there are data series (as in the case of Uganda), the interpretation that can be made of them requires a knowledge of national circumstances that we do not possess.

As we have done elsewhere, let us highlight some of the features of the sectors in which the agricultural co-operatives in some African countries are active.

In Egypt, village-level co-operatives were traditionally multi-purpose co-operatives undertaking activities such as agricultural input supply services, credit, access to machinery, marketing services, training, and even rural development. Single-purpose co-operatives, which began to emerge in 1977 and specialise in the processing and marketing of vegetable products (cotton, cereals, groundnuts, fruit and vegetables), among other things, are tending nowadays to take the place of the multi-purpose co-operatives.

In Morocco, one encounters three types of co-operative: land reform co-operatives, cereal co-operatives - closely controlled by the State - and non land reform co-operatives formed by voluntary groupings of agricultural producers. The latter specialise in a limited number of sectors of activity (CUMA, meat packaging, milk collection, processing, export).

In Uganda, the agricultural co-operatives - which were first created at the beginning of the century by farmers with the aim of handling cash-crop marketing activities (coffee, cotton, tobacco, tea), which until then had been the purview of foreigners - are still strongly specialised in this sector today. This positioning could perhaps, incidentally, explain the fall in the turnover of the Ugandan agricultural co-operatives, because we know how vulnerable these crops generally are to fluctuations in their prices on international markets.

The Zambian co-operatives, which have developed particularly since in-

Table 6: Oceania - Countries ranked by turnover

Country (year)	Number of members	Number of co-operatives	Turnover (\$US million)
New Zealand (1994)	67,000	47	3,800
Australia ⁶ (1994)	33,090	104	1,575
TOTAL	100,090	151	5,373

⁶ N.B. The data cover only the region of New South Wales.

dependence, are engaged in production activities, the processing and marketing of agricultural products, and also in the supply of inputs. Nowadays, they are showing a tendency to open themselves to areas of activity outside agriculture and consequently seem to be playing a not insignificant role in enlivening entrepreneurship in rural areas.

Oceania

New Zealand, which is the only country of the continent for which the *Profile: Agricultural Cooperation throughout the World* has any meaningful data, shows a stable picture in terms of the evolution of the number of co-operatives and number of agricultural co-operative members, while turnover is rising slightly. An important feature of New Zealand's agricultural co-operatives is vertical integration of their activities in mainly export industries, particularly the dairy and meat industries. Their presence is not very significant, however, in wool and wood processing and marketing, while the producers in these industries have formed a number of large service and supply co-operatives.

A Document in Evolution

Our objective in the years to come is to create a network of colleagues that would enable us to obtain an increasingly complete picture and to enhance the statistical data with various types of qualitative information so that the work could serve as a springboard for more sophisticated research.

In addition to the statistical picture, therefore, we would envisage various contributions on the place and role of the agricultural co-operatives, particularly in the changing context in which we are currently living more or less everywhere in our respective countries. The circumstances that the agricultural co-operatives are facing, the impact of globalisation, the changing role of the State, are all matters of interest raised by the new environment in which agricultural co-operatives in most countries are having and will have to operate. The more detailed picture of some countries provided by the *1995 Profile: Agricultural Cooperation throughout the World* already indicates, as we have just seen, some of the roads to change that are being taken by agricultural co-operatives.

1995 Profile: Agricultural Co-operation throughout the World

by Daniel Côté, Ginette Carré et al, September 1995, 107 pages

Despite the notable achievements of the co-operative agri-food business, surprisingly, no statistical portrait of the world's agricultural co-operatives has been available until now. The 1995 Profile: Agricultural Co-operation Throughout the World is intended to fill that gap. It was written at the behest of the Coopérative fédérée de Québec, which also provided funding, as did the Federal and Provincial governments, and the Fondation pour l'éducation coopérative. The 1995 Profile: Agricultural Co-operation Throughout the World compiles a large amount of information on co-operatives in 47 countries. Particular attention has been paid to members of the OECD, as well as to the principal agricultural producers across all the geographical zones of the planet Earth.

The first section of this profile provides the basic information on the countries documented: how many co-operatives each has, how many members, and total sales. In this section, which covers all 47 countries surveyed, a portrait emerges of co-operation as a major socioeconomic force, one which has spread to all the continents of the globe, under all cultural, economic, political, and social conditions. The second section is a compilation of 24 fact sheets on countries about which detailed information was obtained. A study of this scope would not have been possible without the voluntary participation of a large number of helpful collaborators, who took the time to send us the information on their countries. They are listed at the end of the report.

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1996 Consumer Day Message

On March 15, the Consumer Co-operatives are going to celebrate the Consumer Day which this year focuses on fair and solidarity trade with the countries in the southern part of the world. Thus, straightforward commercial transactions assume a precise moral significance which is ever more meaningful when the relationships between developed and developing countries are involved.

One of the reasons why large parts of the world are underdeveloped is that rich countries pay little for the raw material and food products supplied by developing countries. Instead developing nations pay high prices for the means of production - from machines to fertilisers and consumer goods, the vicious circle creates situations of great injustice which lead to mass migration of desperate citizens who move from the South to seek survival in the North.

The small producers of the South, victims of ruthless intermediaries, are often obliged to sell their products at prices which don't even cover production costs. Such injustice must be eliminated and trade should go back to its ethical values in order not to penalise one of the contracting parties.

This is why Consumer Co-ops, which put into practice the principles of solidarity and brotherhood belonging to the system of values they have always supported, intend to give back dignity and pride to the men and women in depressed areas by producing and selling the product of their work at fair prices.

With the purpose of finding a solution to the unfair exchanges which currently characterise the market, some international organisations have created a programme which includes the following: constitution of a list of producers who undertake to apply fair prices, in other words minimum prices which not only cover production costs, but which leave a margin to small producers for social and productive investments; an incentive to promote long-term commercial relationships so that producers may plan their activity without having to face too great a risk.

These initiatives enable consumers, who have now become strong elements, to influence development conditions in depressed areas through their behaviour.

In fact, consumers often wonder what lies behind the goods they buy; they want to have the possibility to purchase products deriving from fair trade at their usual sales outlet. Through their activities of solidarity with developing regions, Consumers Co-ops intend to favour the self-development of these countries and to identify the necessary conditions for economic and social growth.

We therefore ask all Consumers Co-ops to behave coherently in order to support developing countries and to contribute in putting an end to the commercial submission, which currently characterises North/South exchanges.

Birth of a New Specialised Body for Health

by Gabriella Sozanski*

Second International Co-op Health and Social Care Forum

The 2nd International Co-operative Health and Social Care Forum was held in Manchester as part of the ICA Centennial Congress meetings on 18 September 1995. 117 representatives and observers of co-operatives and mutual organisations coming from 24 countries and providing health and social care services attended the Forum. The United Nations Department for Policy Coordination and Sustainable Development as well as the World Health Organization provided valuable support to the meeting. Their representatives, Michael Stubbs, from the UN, and Chandra Mouli, from WHO, participated in the deliberations and their papers were distributed among the participants.

The 2nd Forum was a follow-up of the First International Forum held during the 30th ICA Congress in Tokyo, in October 1992, and of the meetings organized in several ICA regions on co-operative health and social care services.



Speakers from Asia, Africa, America and Europe presented their experiences gained in the health co-operative sector and other participants introduced national or sectoral case studies.

The Forum contributed to a better understanding of the diverging situation in the health co-operative sector worldwide, facilitated an exchange of experiences between representatives of various organisations involved in the provision of medical services, and contributed also to defining the conditions for the creation of a new ICA specialised body for the health and social care sector.

A summary of findings and recommendations for action were drawn up

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as a conclusion of the final panel discussion and was presented to the ICA General Assembly on 23rd September.

There was an unanimous agreement in principle on the creation of a new ICA specialised body for the co-operative health and social care sector. An Interim Steering Committee comprised of representatives from each ICA Region was set up. It was agreed to make an analysis and prepare a background study on the establishment of a new specialised body to be submitted to the following ICA Board meeting in June 1996.

Representatives of the health co-operative movements present at the Forum nominated the regional co-ordinators of the Interim Steering Committee and agreed on the work plan of the Committee.

The Steering Committee is composed of: Dr. S.Kato, Medical Co-op Committee of JCCU, Japan - Chairman and representative of the Asian region; Dr. Arnaldo Silvestre Mallmann, Director of UNIMED, Brazil - representative of the American Region and Dr. Francisco Carreño, Vice-President of Fundación Espriu, Spain - representative of Europe.

The ICA Head Office, Geneva will provide the secretarial services for the Committee.

Regional Co-ordinators Meet

Role of the IHCO

The regional co-ordinators met in Geneva on 29-30 January 1996 to discuss

the provisions of the draft Rules. It was agreed that the role of the ICA International Health Co-operative Organisation (IHCO) should be to serve as a forum for consumer and producer health co-operatives which seek to provide high-quality, cost-effective community health care based on freedom of choice, integration of services, and ethical working conditions.

Objectives

The objectives of IHCO would include the following:

- to provide a forum for the discussion and exchange of information on issues of relevance to its member organisations.
- to provide information to United Nations bodies, to national governments, to the media and to public opinion about the nature and role of health co-operatives.
- to promote the development of health co-operatives.
- to collaborate with other specialised bodies of the ICA.

Membership

Membership would be open to co-operative organisations which are affiliated either directly or indirectly to the ICA and have as their main or partial objective the provision of health care to their members or the provision of self-employment for health professionals. Educational and research institutions which promote health co-operatives or related services and which are direct or indirect members of ICA would also be eligible for membership.

Associate membership status would be available, upon decision of the Board, for co-operatives which are non-members of ICA but whose activities are devoted to the provision of health services. Associate members could attend the general meeting without voting right.

Members and associate members should normally be national or regional organisations, except in countries where these structures do not exist.

Each member organisation should be entitled to one delegate with one voting right.

Discussion in the January meeting focussed essentially on how to guarantee the best balance of power between the various ICA regions and a

good representation of the typical health co-operatives which are basically either consumer or producer type co-operatives. The ICA Secretariat was requested to draft new Rules based on the two texts proposed and the discussions of the meeting.

Future Plans

The Chairman of the Steering Committee will be invited to the meeting of the ICA Specialised Bodies to be held 25-26 April 1996 in Geneva. Immediately afterwards the Steering Committee will meet in Barcelona to finalise the Rules to be submitted to the ICA Board and agree on the Work Programme of the Committee.

After the ICA Board meeting potential member organisations, participants of the Forum will be contacted and properly informed about the decision.

Co-operative Enterprise in Health and Social Care

by Michael Stubbs*

A Lesser Known Contribution to Societal Well-being

Co-operatives for Better Health

Co-operatives of many types already play an important role in the improvement of health and social well-being in many countries. They have very considerable, and still largely unrealized, potential for contributing not only to their members' goals, but to international objectives in health and social care.

User-owned health co-operatives are established, owned and controlled by their members in order to secure effective and affordable health insurance and services for themselves and their dependants. At first they may function solely as simple mutual health insurance funds. Later, they may make agreements with designated providers, then set up their own facilities and employ their own staff, expanding and diversifying their services by means of

alliances with other health facilities. They may offer group health insurance service programmes to employers responsible for coverage of their employees. They are most widely developed in the United States, but are significant also in Canada, India and Sri Lanka. Smaller numbers, often recently established, exist in Bolivia, Panama, Philippines, South Africa, Sweden and the United Republic of Tanzania.

Of rather different origin are health co-operatives which, although autonomous, are established as a benefit of membership in broad co-operative movements. In Japan many members of the consumers' movement have set up health co-operatives supported at national level by the Medical Co-operative Committee of the Consumer's Co-operative Union. Members of multi-functional agricultural co-operatives benefit from health services organized by their co-operatives, and supported at national level by the National Welfare Federation of Agricultural Co-operatives. In Israel - at least until 1995, when the system was fully nationalized - all members of Hevrat Ha'Ovdim, the co-operative system which operated in parallel with

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Histadrut, enjoyed comprehensive health services provided by a specialized subsidiary. In Singapore also health co-operatives have been established by the National Trade Union Congress. Uniquely, in Brazil, the national system of provider-owned health co-operatives, Unimed, recently began to sponsor user-owned health co-operatives, associated with it through individual and enterprise-based contracts. As of mid-1995, about 39 million persons obtained health services from the various types of user-owned co-operative.

Provider-owned health co-operatives are established, owned and controlled by groups of health professionals. Those operating at the primary level exist in Argentina, Benin, Bolivia, Costa Rica, Germany, India, Italy, Mongolia, Poland, Portugal and the United States. More widely developed are secondary level co-operatives functioning as networks of independent providers, themselves often already organized in group practices. These exist in Brazil, Chile, Colombia, Malaysia, Paraguay, Spain and the United Kingdom. By far the largest, Unimed, operates in Brazil where its membership of 73,000 doctors constitutes one third of the national total. As of mid-1995 about 13 million persons obtained health services as holders of individual and group contracts with this type of health co-operative.

Jointly-owned or multi-stakeholder health co-operatives exist only in small numbers in Spain and the United States. However, in many user-owned co-operatives medical staffs enjoy au-

tonomy in professional matters and are separately represented on boards of directors.

Health insurance and services provided by co-operative enterprises and organizations in other sectors are a significant benefit of membership or employment. In some cases only insurance is provided: as by the Mondragón Co-operative Group in Spain, administered by a specialist subsidiary, Seguros Lagun-Aro. More widely, members and employees, and their dependants, have access to health services operated directly by the co-operative enterprise. In former socialist countries, some consumer-owned co-operative organizations have retained a specialist health service department, often referred to as a "medical co-operative".

Occupational health is a priority concern in production and service provision co-operatives whose worker-members constitute much of the labour force. Supply, common service and purchasing co-operatives promote safe working methods and inputs among their member enterprises. Retail, utilities and housing co-operatives promote safety in the home.

Co-operative insurance enterprises, usually owned by co-operative organizations on behalf of their own members, and in some cases jointly with trade unions, provide personal insurance products which are significant means to reduce emotional and financial stress. In addition, in 1995, 18 of the 72 full members of the International Co-operative and Mutual Insur-

ance Federation (which represent over 150 active insurance companies in over 40 countries) offered health insurance.

Many health co-operatives include pharmacies - usually restricted to supply of prescription drugs - among their facilities. Primary level co-operative pharmacies, established by consumers as a special form of retail co-operative, but usually providing additional health promotion, prevention and educational services, are well developed in Europe. They had in 1994 30 million members and a market share of about 10 per cent.

Pharmacy departments exist within the supermarkets operated by consumer-owned retail co-operatives in a number of countries. In the United Kingdom, for example, National Co-operative Chemists Ltd. is a secondary co-operative owned by 25 primary consumer-owned retail co-operatives with 230 pharmacy outlets. In Singapore a pharmacy chain operates within co-operative supermarkets.

Secondary co-operative networks of pharmacies, set up by independent for-profit pharmacies in order to undertake bulk purchasing, common service and marketing functions, are widely developed in the United States: for example, in 1994 the Independent Pharmacy Co-operative in Wisconsin had 400 members. Similar enterprises exist in Europe: in Portugal, for example, they occupied in 1993 fourth, sixth, eighth and tenth places among the 100 largest co-operative enterprises. Many health co-operatives provide, as an extension of their preventive, "healthy

living" and community outreach programmes a wide range of services to persons with disabilities or at risk of self-injury through substance abuse, as well as to adolescents, single mothers and elderly persons.

In addition, user-owned social care co-operatives set up by persons with disabilities and by elderly persons, include residences, day-care centres, home-care services and protected work-places. Some are highly innovative: in the United States, for example, the United Seniors' Health Co-operative in Washington D.C. operates computerized information systems which assist members to ascertain their eligibility for, and then apply to, public or private assistance programmes.

Joint user- and producer- (and other stakeholder) social care co-operatives are frequent: they often include local government, trade union, philanthropic and voluntary organizations. They are best developed in Italy, where in 1995 there were about 2,000, serving several hundred thousand persons, employing 40,000 staff and absorbing about 13 per cent of public expenditure on health and social care. Provider-owned social care co-operatives have increased rapidly in some countries, such as Sweden.

Co-operatives directly engaged in providing health and social care services may be supported by other types of co-operative enterprise. Health sector operational support co-operatives are owned by hospitals to make bulk purchases and provide common services. They are best developed in the United

States where, for example, the Rural Wisconsin Health Co-operative is owned by 20 rural hospitals and one urban university hospital. In Quebec, Canada, a "coopérative du service régional d'approvisionnement (CSRA)" is owned by 60 hospitals and clinics.

Worker-owned health sector supply co-operatives manufacture special inputs or supply services. For example, in 1992 five ambulance co-operatives provided 13 per cent of emergency services in the Province of Quebec, Canada. Labour-contracting co-operatives provide building maintenance, catering, cleaning, security, and other services to health facilities, or act as employment agencies for their members.

Research, Development & Promotion

Co-operative research and development organizations and associated departments in universities promote policy development and operational efficiency. The Gabinete de Estudio y Promocion del Coopertivismo Sanitario in Argentina, the Espriu Foundation in Spain and the Centro Studi of the Consorzio Nazionale della Cooperazione di Solidarietà Sociale "Gino Matarelli" in Italy specialize in these areas. Further research is being undertaken by a number of co-operative institutions, as well as in universities. The larger user-owned enterprises in Japan and the United States undertake operational and medical research, while in Brazil Unimed has established its own Study Centre Foundation.

Research is undertaken also at the regional level: for example, in Europe by CECOP (Comité Européen des Coopératives de Production et de Travail Associé), and in the Americas by the ICA's Regional Office in Costa Rica. At the global level the ICA's Committee on Co-operative Research has examined this area of co-operative development in recent years.

Co-operative media enterprises, and media facilities operated by other co-operatives, have played an important role in diffusing health and nutrition information and promoting healthy life-styles. Education co-operatives in a few countries train staff at graduate and post-graduate levels and within continuing education programmes. This is the case, for example, in Portugal, where the Higher and University Education Co-operative, CESPU, offers courses in the two largest cities. Many health cooperatives provide their own training.

Co-operatives in other sectors contribute significantly to the health and well-being not only of members and employees and their dependents, but also, by serving as innovators and models, and by lobbying for improved legislation, that of society as a whole. They include agricultural and fisheries co-operatives, producing nutritionally appropriate and safe foods; retail co-operatives, supplying nutritionally correct foods at affordable prices, as well as consumer education; housing and community development co-operatives, providing utilities, sanitation, consumer protection, social care, preventive health and health education

and financial co-operatives, assisting individuals with financial management, thereby reducing stress and helping them afford better shelter, nutrition and health care as well supplying affordable capital and business counselling to co-operative enterprises in the health and social care sectors.

Strategic Alliances

Strategic alliances between different types of co-operative engaged in health and social care have begun to develop in some countries - as in Colombia and Malaysia between insurers, provider-owned health co-operatives and other co-operatives on behalf of their user members. In Italy the co-operative insurance enterprise Unipol has set up a subsidiary to provide health insurance in close collaboration with the co-operative, trade union and mutual movements. In Sweden national co-operative housing and insurance organizations have promoted health and social care co-operatives, as have apex organizations in Canada and the United States. In Brazil Unimed is beginning to operate as a comprehensive system.

A number of national governments have recently taken an interest in the potential of the co-operative movement. In Malaysia the government has actively promoted a national co-operative health system. The United Kingdom's Department of Health has commissioned a study from the Centre for Social Research at Loughborough University. Interest has been shown increasingly by regional and local government authorities.

International Networking

International collaboration within the co-operative movement is accelerating. The Medical Co-op Committee of the Japanese Consumers' Co-operative Union, jointly with the National Welfare Federation of Agricultural Co-operatives in Japan, organized a first global meeting, the International Health-Medical Co-operative Forum, in Tokyo in 1992. In April 1994 a first Asian regional meeting took place in Sri Lanka. In June 1995 a first Interamerican Forum on Co-operative Health Care and Related Services was organized by Unimed and held at Sao Paulo, Brazil. Its purpose was to delineate guidelines for the establishment of an ICA specialized body, a development already proposed by Dr. José Espriu in an article published in this Review in 1994. In September 1995, an International Co-operative Health and Social Care Forum was held, at which further discussions concerning a specialized body took place. In January 1996 an ICA Health Steering Committee largely completed a draft of the rules of an International Health Co-operative Organization. Discussions were to continue at the Espriu Foundation in April 1996.

At its September 1995 Conference, the International Co-operative and Mutual Insurance Federation organized a seminar on "Social welfare provision - a fitting opportunity in an opening market?"

Earlier it had established an Insurance Intelligence Group, responsible for identifying new opportunities in insurance markets. This will undertake

during 1996 a priority research project entitled "Social security and health care: tailor made insurance products to fill the gap in social security".

Intergovernmental Collaboration

There has been a complementary growth of interest within the intergovernmental community. The ILO's Co-operative Branch recently began a programme to promote social services through co-operatives, mutuals and other associations in a number of developing countries. WHO considers that cooperatives of all types are a potentially useful organizational means for promoting health. In its resolution 49/155, adopted in December 1994, the United Nations General Assembly encouraged Governments "to consider fully the potential of co-operatives for contributing to the solution of economic, social and environmental problems." In their Copenhagen Declaration on Social Development, made at the World Summit for Social Development in March 1995, signatory Heads of State and Government committed themselves to "utilize and develop fully the potential and contribution of co-operatives for the attainment of social development goals". The United Nations Department for Policy Coordination and Sustainable Development undertakes policy-analytic and

promotional work in support of the co-operative movement. It includes a Focal Point for the Promotion of Co-operatives.

Acknowledgements. The United Nations' global review, parts of which are summarized in this article, was prepared in close collaboration with the International Co-operative Alliance. The Chairman and one of the Vice-chairmen of the ICA Committee on Co-operative Research, Professors Roger Spear and Yohannan Stryjan respectively, made comprehensive suggestions for revising a first draft. Professor Johnston Birchall of Brunel University, United Kingdom, and editor of the *Journal of Co-operative Studies*, contributed a specially prepared paper. Professors Jean-Pierre Girard and Yvan Comeau of the Chaire de coopération Guy-Bernier of the Université du Québec à Montreal made available advance copies of a study to be published later in 1996. Dr. Yehudah Paz, Director of the International Institute of the Histadrut, provided information on the Israeli experience. Mr. Hans Dahlberg, Chief Executive officer of ICMIF, provided comments and detailed information. Mr. Shoji Kato, Chairman of the Medical Co-op Committee of JCCU commented on an early draft.

Health Care In Eastern and Central European Countries

with special reference to Poland

by Alina Pawlowska*

Introduction

The organisation of health services in communist countries varied from one country to another with one constant: there were provided and owned by the state through several ministries and financed out of general tax revenues. The private sector with few exception was virtually nonexistent.

The structural sophistication of the care systems is comparable to that of the most advanced Western countries. The infrastructural network is closely knit and access to basic health services can be regarded as easy. When measured in % share of the GDP the health care is not cheap. Total health care expenditure in Eastern and Central European Countries relative to GDP is in low range of expenditure reported by the OECD - around 5%. In absolute values it is much lower than that observed in most Western countries.

All countries are now reorganising the health sector, transferring services to the business sector, community organi-



sations and NGO's. This process should lead to the optimization and rationalization of resources into which the co-ops could be integrated as yet another option in the market.

Health Status

Available statistics show that the health status of the Eastern European region is worse than those of the Western part. Relative comparisons between the Eastern and Central European countries (ECEC) and the rest of the Region also show that the gaps have widened in all respects between 1981 and 1989/1990. Infant mortality rates are 2-3 higher than in the rest of the Region. Communicable diseases are persisting, implicating problems with vaccine production and quality. The mortality from cardiovascular dis-

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eases indicates unhealthy life-styles, low-quality hypertension screening, lack of proper follow-up and medication and poor emergency care for coronary disease. Mortality from liver disease and cirrhosis and that from chronic pulmonary disease are also higher in the ECEC. This difference is associated with greater alcohol and tobacco consumption, poor nutrition and living conditions.

Nonetheless, there is evidence of quality deficiencies in the system due to the shortage of crucial inputs such as drugs. A demotivated low-paid task force is an equally important problem. There are reports of inefficiencies due to misallocation of resources between different categories of providers.

Characteristics of the Polish System

Any discussion of the changes needed and support for the reform process must start with the analysis of the health system.

Comprehensive health care is provided by the Ministry of Health through three tiers of a highly structured network of services. The cornerstone of the system is the Local Health Centre (LHC). Rural localities have usually one LHC, when in large cities several may operate. An average LHC has a general practitioner, a dentist, a paediatrician and a gynaecologist. As a rule there is no free choice of doctor. The general practitioners provide basic care, patients may then be referred to polyclinics at the secondary level and to regional or specialized clinics at the tertiary level. There is no fee

charged for consultations or analysis, but informal payments are widespread.

Fragmentation of Health Care

A characteristic feature of the Polish health care system is the existence of parallel health systems managed by the ministries of Defence, Justice, Transport, Industry and the Interior. The Ministry of Education shares responsibility for medical education and implementing school health programmes. Large schools have medical and dentist cabinets with doctors and nurses employed either full or part time. Some large public enterprises run their own medical facilities. The Ministries of Environment, of Food and of Agriculture are jointly responsible for monitoring public health.

These parallel health systems mirror the structure of the public sector. The basic unit is the health centre which is followed by the polyclinic and regional hospital. The salaries of medical staff and drugs expenditures are financed from a central budget while other costs are covered by respective authorities. In the public's opinion the parallel systems are more efficient and better equipped than local health centres. Since the use of these facilities is limited to only one category of patients, e.g. railway personnel or army staff and their families - they tend to be less overcrowded. Care units are managed centrally by the relevant ministries with no coordination at local level, therefore overlapping or under-utilisation of services occurs frequently. The services provided are free of charge and are perceived as a part of the salary benefits.

Health System Reform

Today the parallel health systems are under severe criticism. The rarefaction of public money boosts the demand for rationalisation of expenditure. In order to increase the efficiency and cost-effectiveness some restricted services need to be incorporated into the public sector while others ought to be privatised. The privatisation of state enterprises has also influenced the discussion on the real costs of health care. The Polish government is actively seeking ways to introduce more competition and to diversify service providers, however, the development of the co-operative sector has not been under consideration as an option.

Co-operative Sector in Poland

Health co-ops in Poland started in 1945 and are included in the workers' sector as professional service provider co-ops. Their members are medical doctors with a first degree specialisation, already employed in public health system. Although the private sector has a long history, carefully edited laws prevent its development as an alternative to public health service.

The Medical Co-operatives operate on a fee-for-service basis. Since there is no private health insurance, doctor's fees are not reimbursed, which considerably limits the number of patients. However, the fees are still less expensive than those of a private practice. The most appreciated advantage of the co-operative is the free choice of practitioner.

The Medical Co-ops supplement Local Health Centres principally in the

field of special care. As a rule they have better equipment, therefore the consultations are made under better conditions, with shorter waiting lists and by specialized physicians. They provide ambulatory treatment which they are allowed to offer, but this does not include surgical interventions when a clinic is needed. They also run wellness centres which have become more and more polyvalent, providing medical services to a limited extent.

Additionally, certain medical co-ops conduct prophylactic consultations for employees as well as the medical assessment of the work environment of co-ops for the disabled. Most of the patients are insured.

The Association of Medical Work Co-ops had 27 members by the end of eighties out of total 31 health care co-ops and 9 multipurpose work co-ops running medical and dentistry cabinets. The number of centres was 325 with 9.262 employees including 3.532 doctors and 1.100 dentists. Recent statistics are lacking because the co-operative system is undergoing a transformation with many societies dissolving or changing legal status. This is because the tax system is unfavourable to co-ops, forcing several doctors to quit co-operatives in order to open private cabinets.

Most of the Medical Co-ops used to rent premises from housing co-ops. These co-ops have doubled and even tripled rents over the past few years with the result that almost all societies have to reduce their workspace. In con-

sequence the medical equipment which has been assembled over the years had to be put into storage and, therefore, deteriorated.

However there is still room to develop medical co-ops. In future the co-ops will focus their activities on providing services which are not yet available elsewhere. Current research challenges the assumptions of theorists that the health co-ops are only appropriate for lower-income classes.

Priorities

Within the framework of the systemic reform, the co-operatives have a multiple role to play. First, as users' co-ops they protect members in case of disease. Secondly, as insurance societies they form a social security net for the aged and thirdly, as provider's co-ops they allow doctors to reduce the operating cost of clinics and share professional insurance fees. The Report of the ILO Director-General to the Fifth European Regional Conference in War-

saw in September 1995 discusses the actual situation within the sector and sets out priorities in the reconstruction of the Eastern European healthcare systems.

There is an obvious need to decentralize the planning and management of the health delivery systems in order to improve the adequacy of health services at the community level. In its 1993 World Development Report, the World Bank stresses the need for greater involvement by nongovernmental and other private organisations in the provision of health services. The Report underlines the significant role of health and education for economic and social development. It invites the governments to devote more attention to family health, particularly by improving access to schools for girls and by promoting women's employment. Privatisation - including setting up of co-operatives - is widely regarded as a way to contain public spending and to ameliorate the efficiency of service.

Adequate Shelter for Human Living

by Dr Claus Jürgen Hachmann*

Apart from 'sustainable shelter' adequate shelter for all is the basic topic for the HABITAT II Conference. The first conference in Vancouver in 1976 has already illustrated the difficulties involved and concluded that the housing misery seemed to be unsolvable.

The Meaning of Shelter for all?

Twenty years ago there was already an estimated population of four billion. This figure has now reached 5.6 billion people. One in four of these people is living in inhuman conditions: under plastic covers, in tin huts, on canal banks or rubbish dumps.

According to UN statistics, these people are not homeless: officially homeless people means the men, women and children lying on the street or under bridges.

During the HABITAT I Conference, the figures stated were already 8,090 mil-



lion homeless. Taking the population growth into account, homelessness has increased by 100% and the situation is dramatically deteriorating.

What is Adequate Shelter?

There is no official definition for adequate shelter. This would be difficult anyway, as different climates, cultures and possibilities of realization lend totally different meanings to what can be labelled as 'adequate'.

Housing is a human right, stated in the UN charter, but it cannot be claimed by law, unless the right is mentioned in the national constitution. Therefore adequate housing is difficult to struggle legally for. The right to housing as a legal right should be demanded at

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HABITAT II, but the governments of the United States, China and the United Kingdom do not want it to be incorporated into the agenda.

Before solutions can be discussed adequate shelter has to be defined under the conditions of a developing country, where slums and shanty towns are the home of masses of people.

The German Development Assistance Association for Social Housing (DESWOS), Cologne, was founded in 1969 by German housing co-operatives and associations and their federations. As no official definition of adequate shelter existed, DESWOS elaborated criteria of its own. These were that human shelter should provide:

- legal safety against expulsion,
- protection against climatic problems and other health risks (e.g. rain, flooding of water, cold),
- protection of the private sphere of the family.

These three criteria are of course only a minimum, which itself does not secure adequate shelter. The density of occupancy, the infrastructure (water and electricity supplies and the sewerage system) plays a vital role. Water and sewerage systems especially influence the health problems in the Third World.

Multi-dimensions Needs

It is certainly not enough to list the problems and then request funding, as local, regional and national governments lack money.

Furthermore, adequate shelter is not enough. The needs for an adequate quality of life are multi-dimensional. This means an economic and social development leading to the stability of families. The break-through of the circle of misery means has a knock-on effect as illustrated below:

- The construction of houses will produce jobs and, therefore, income. The demand for food will increase in the local market. Therefore, agricultural production will be increased, and small farmers will look for new labourers in order to fulfil the demand.
- In the Third World, the construction of houses provides many more new jobs than in the developed regions. Housing construction is the motor of economic prosperity, leading to multiplication effects in other fields.
- Unofficial estimates show that in China alone, 100 million migrant workers are unemployed. Intermittent temporary employment means they have a very low and an extremely unbalanced income, which leads to social tensions, crime, etc.
- A modest permanent income would be the essential contribution for the economic and social stability of the family. So the situation in the developing countries cannot be compared with that of developed ones. In countries of the Third World, adequate housing can be a matter of survival or death and we cannot, therefore, transfer our housing problems and solutions to them.

Social conflicts and housing misery

The housing situation in the Third World is dramatic, with civil wars, ethnic conflicts and ecological disasters leading to increased social pressures and tensions. In most cases the local, regional and national governments are not in a position to tackle the problems. Two examples show that, in countries where a certain economic prosperity is taking place, dramatic challenges also lie ahead:

1. The situation in China

22% of the world's population is concentrated in China. Until the opening for foreign investors, people were living in communes which allocated both jobs and housing to their members. If a person wanted to marry a bride from another commune, permission had to be solicited from the relevant authorities. The one-child-family was enforced by law. There was no labour market or housing market whatsoever. Suddenly foreign multinational enterprises are invading the country, attracting over 100 million migrants to the cities, only a tiny percentage of whom can be absorbed by the industry. This is like a drop of honey provoking thousands of bees.

Expectations are created which can only be fulfilled for some privileged workers. Masses of frustrated migrants will be part of the very poor in the cities, having lost both their means of existence and their value system. The consequences will be extremely serious. The traditional social security system will cease to work as large parts of the society will be dissolved.

The UN estimates that 200 tons of rice have already been imported to feed the Chinese population. As there is not enough rice surplus (approximately 120 tons), millions of people may die of hunger. Additionally, there is the problem of unbalanced distribution which may lead to unpredictable conflicts. Gigantic streams of refugees will reach neighbouring countries, where pressure and violence will increase.

2. The situation in South Africa

In South Africa, world opinion overcame apartheid and many people believed that this would bring change for prosperity and social justice.

But now there are signs of new conflicts. Without rapid successes on the labour and housing front, the country is in imminent danger of serious unrest, such as fighting between different ethnic groups as we have seen in other African countries. In South Africa, this could have a double dimension: black against black and white against black. More than an ethnic conflict, it would be a social struggle.

Only through adequate political, economical and social measures can these tensions be reduced. The government of South Africa is not in a position to tackle these problems alone.

Of course an adequate standard of living includes adequate shelter. This is a basic question for those black families who suffered in the ghettos of hopelessness and frustration during the apartheid regime. The world could overcome this regime by boycotting it. Now all forces must be pooled to im-

prove the living conditions of these people. Co-operative principles can show what is possible, if a good concept is adopted.

International solidarity

Mass misery and mass migration, lack of jobs and income, education barriers and apathy of the poorer sections of the population are all problems which have to be overcome simultaneously. This is the objective of a human policy of development aid. DESWOS works on co-operative and self-help principles. The German Development Assistance Association for Social Housing has promoted 146 projects in 23 countries of the Third World.

In 16 years of project promotion, more than 25,000 houses have been built and the social situation of the families stabilized. There are currently 100 projects underway in 26 countries worldwide.

But the cost of a house in the Third World is quite different from that in western countries. It might be as low as DM 1,000 in India to DM 25,000 in Latin America.

Small projects have also been realized with an average of DM 45,000 invested on an average to finance wells for drinking water, health stations, hospitals, schools, or child day-care centres. Altogether over 155,000 people have benefited from these services. Over 42 million DM have been invested so far. Considering the huge housing misery, this is only a small amount of money, but the multiplication effects of these pilot projects should never be underestimated.

Most of the projects start with housing, but they are combined with income generating employment schemes, school education and professional qualifications. So a new basis for the existence of the family is provided. There is no point in merely providing housing, because housing needs depend on the movement of people who follow job opportunities and, in many cases, just the illusion of job opportunities. In any case, most job opportunities are to be found in the city.

Adequate existence for all - the basic concept of DESWOS, is certainly the correct approach. Unfortunately, there are only a few NGOs using this concept.

Housing co-operatives prove it

The ICA Housing Committee and its member organizations have already decided on activities for HABITAT II. Photo exhibitions, the housing conference and publications about co-operative housing will show what is possible, if the concept of solidarity works well.

Self-help and self-responsibility are key elements for success in a situation where the individual is weak but the group is strong. This is certainly even more important in developing countries today, than during the time when housing co-operatives started.

A comparison is possible

Housing co-operatives originated when the cities were invaded by migrant workers from rural areas. Self-help ideas were created during a time of misery and need. The break-through

was the legal framework of the co-operative law and the limited responsibility on the co-operative shares.

Self-administration, self-help, self-responsibility and solidarity were the essential principles of vital value throughout the world.

The ICA Housing Committee formulated its principles during the ICA's Centennial in a declaration, drawing attention to the unsolved problem in the Third World. In Istanbul, they will be requesting governments to introduce the legal basis for a positive development of housing co-operatives, where it does not exist.

International solidarity contributes to the solution of the world's housing problems. Forces must be pooled to avoid the danger of more social conflicts and to give social peace a chance.

A global action plan

A global action plan as a guideline for future work is certainly an important objective of the conference in Istanbul. Nevertheless, housing, energy and water supplies, sewerage facilities and urban transport are financial and organizational burdens, which no government in the developing countries is able to solve by itself.

Concepts of self-help and a solid partnership between communal authorities, NGOs such as housing co-operatives, and regional or national governments, are the preconditions which will enable sustainable solutions. This can be illustrated by the following example:

In most developing countries there are illegal spontaneous settlements. In some countries they are called pirate settlements. The construction is, in many cases, simple but sufficient and could be improved. Infrastructure is only partly available.

The 'solution by police and military forces' leads to a worse misery of families who have to live in the street. Extreme poverty, the families' daily struggle to provide these street children with adequate nutrition, and a rising crime rate are the well-known consequences for many cities in developing countries.

Non-governmental organizations like DESWOS and its partners are able to legalize the land, negotiating with the communal authorities and convincing them that this is a better solution.

In these cases, the settlements are physically and morally upgraded, and social peace is achieved without large financial investments.

Unfortunately, there are not enough non-governmental organizations undertaking such work to provoke a substantial improvement. But the pilot character of these examples encourages and facilitates other organizations to start similar projects.

The NGO forum of the HABITAT II Conference will provide an excellent opportunity for housing co-operatives and their federations to illustrate their positive contribution and to offer their know-how for a real worldwide improvement towards social peace.

A Development Update

by JanEirik Imbsen*

1996 - A Turning Point

1996 is an important year for ICA's Development Programme. While the Regional Offices are preparing important regional meetings and finalising their strategy documents, a number of other key issues are also on the development agenda.

It is first of all the year of the second Regional Assemblies after the introduction of the new ICA structure. These fora have now become functional parts of ICA's administrative structure. The Asia/Pacific Assembly hosted by the Malaysian movement will be the first. An important item on the agenda will be a discussion on the draft 4-year plan for the region. The regional chapters of some of ICA's Specialised Organisations will also meet in Kuala Lumpur (in the case of the new HRD committee there will also be a meeting of the global executive).

Next region out is Africa. This Assembly will be preceded by a pan-African seminar on communication and training in co-operatives which is being organised in collaboration with our German partner, DSE (German Foundation for International Development).



Another highlight of the week from the point of view of the Development Programme is the strategic planning meeting for the West African region. This planning session with our members in the region is expected to result in a Regional Development Plan for co-operative development that will take us up to the year 2000. Together with the positive report of the recent evaluation of our programme in West Africa, this document will in turn form the basis of a new project document that will be submitted to our longstanding partner, NORCOOP.

The American Assembly will take place in Costa Rica in November. Again, the Regional Assembly will be asked to discuss and approve the Re-

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gional Development Plan for the region. A Women's Forum which will be held in conjunction with this meeting will further emphasise ICA's commitment to the promotion of gender issues.

Another regional meeting of considerable importance is the 5th African Co-operative Ministerial Conference for East, Central and Southern Africa. Preparations are already under way to ensure a constructive dialogue between movements and governments in Mauritius.

Development Priorities

A priority of the ICA is the promotion of co-operative development in Africa. In June we will therefore meet with representatives of co-operative movements from anglophone Africa and co-operative promotion organisations to discuss "Co-operative Development and Adjustment in Anglophone Africa". This international conference which is organised jointly by the DSE, ILO and ICA, will provide a forum for discussion on the effects and consequences of adjustment policies on co-operative development, and it will support a reorientation of co-operative organisations in a changing environment. The results of the conference will be presented at the African Regional Assembly in Senegal in August.

The Regional offices will this year finalise their new Regional Development Plans. The plans will map out strategies and provide a platform for co-operative development into the new century. This marks the end of a long process involving our members

in the regions. The participatory aspect is essential to ensure the relevance of the plans, i.e. that they reflect the concerns, needs and aspirations of our members. This presupposes the active participation of member organizations in needs assessment and the setting of priorities. This will also give our members a vested interest in our programmes and may serve as an incentive for member contribution which in turn may translate into enhanced sustainability of our regional programmes.

A new operational system for the development programme is also being launched this year. The new system has been designed to provide a uniform and coherent framework for our development activities covering every aspect of the programme from the policy to the reporting level. In designing it, we took into account the various requirements of present and potential partner organisations, for instance in terms of reporting, as well as bearing in mind its functionality as an administrative tool.

Strategic Alliances

Joint ventures with partners are being actively pursued. Recognising that the ICA is not the only actor on the international co-operative stage, it is important to forge "strategic alliances", or constructive working relationships, with other organisations whose aims are similar to ours in terms of co-operative development. Such cooperation will ensure better programme impact, improved cost effectiveness, and will benefit from competencies of scale.

In the area of HRD, for instance, ICA is represented on resource groups involved in the development and implementation of programmes that are being run by our partners. ICA's participation in the consultative group established by the ILO to oversee their Coopnet programme, and in SCC's resource group which is involved in the development and launching of the organisation's new Leadership Development Programme, serves to facilitate the coordination of related activities in this area.

Office structures and programme approaches are also being reviewed. In Africa, the ICA commissioned study "Co-operative Adjustment in a Changing Environment in Sub-Saharan Africa" and the changes taking place in the region are factors that have necessitated a rethinking of the function of the regional offices there. Modern ICA has not been known for excess staffing, "small and beautiful" being the model for the administrative set up of its development programme. Our offices should have the required core and programme management capacity, but otherwise build up and use networks of local consultants. This has been the norm in West Africa and the Americas and has led to a satisfactory ratio between fixed (basically staff) costs and other costs (funding of activities).

Focusing on the Relevant

Budgetary constraints will necessitate a careful selection of activities. We just cannot afford to carry out activities that are not "relevant" to our aims and objectives. (In the new operational system every activity should refer to a

specific objective.) Careful monitoring and impact assessment as well as proper follow up will consequently be essential.

Synergy and relevance are other key concerns. In order to have an impact on co-operative development in the region with our relatively limited resources, better synergy between our projects is an absolute must. Of equal importance is the synergy between our visions, strategies and programmes and those of our partners. Only then will we be able to address in a comprehensive manner the human resource, legal, policy, structural and other requirements in the promotion of autonomous, democratic and economically viable co-operatives.

The relevance of our programmes is obviously crucial. Development is increasingly becoming a question of supply and demand, and our service delivery will become irrelevant unless we can meet current demands. The need to become entrepreneurs is no longer confined to our co-operative members, it very much applies to ourselves. We shall need good products, and the knowledge how and where to market them, if we want to operate in an increasingly competitive field where tenders have become the order of the day. We see this very clearly in the Americas region, but the days of "traditional" development aid delivery are numbered also in the other regions.

The perception of certain programmes is also changing. For instance, the full potential of the HRD and gender projects as support services rather than

separate projects has not been sufficiently explored. The HRD project should contribute to the attainment of development objectives as identified in office strategies and plans. It should furthermore supplement and reinforce activities that are carried out within the framework of the focus that we have already identified for the offices; i.e. assisting member organizations adjust to and survive in the new economic and political environment. Only then will we ensure the relevance, and enhanced effectiveness, of our HRD project activities.

Gender concerns should be a component of every activity. Indeed, the new operational system provides for a gender perspective in relation to every activity in the new planning and reporting format.

We still recognise the need to carry out HRD and gender specific activities, but

it is expected that they will to a larger extent than before be directly linked up with other activities as a support element. Certain elements will be deemphasised, while others will be given more importance to reinforce the direction or focus of the office. Such a restructuring of the projects will highlight rather than reduce their position as core activities.

Indeed, 1996 is a busy year. The tasks are many and big, and the rapidly changing environment makes the work ahead all the more awesome.

Our challenge is to produce and provide services that are relevant to our members needs, to do the right things as well as to do things rightly. Our members' and partners' challenge is to continue to support our efforts in order to achieve sustainable co-operative development.

Co-op Management Development Opportunities

by Peter Davis*

Distance Learning at the University of Leicester

Postgraduate Certificate in Co-operative Management and Organisational Development (Credit Unions)

Course Aims

To develop understanding of the history, purpose, values, structures and practices involved in the development and management of Credit Unions by lay officers, members, managers, and professional development workers engaged in the operation, promotion and development of Credit Unions.

To assist members and elected lay officers in Credit Unions to a better understanding of their responsibilities and functions within the Credit Union.

To provide junior managers and professional and administrative staff in Credit Unions with a first accredited step in their individual co-operative management development programme.

To prepare course members for further co-operative management study at post-graduate level.



Knowledge and skills imparted in the programme:

- The knowledge and skills necessary to promote the foundation of a credit union (either community based or employment based)
- The knowledge and skills necessary for the day to day management and control of credit unions.
- The knowledge and skills necessary for the growth and development of membership and services within credit unions.

Entry requirements

Open access to all co-operative members/employees who are managers or

* Dr Davis is Director of the Unit for Membership Based Organisations at the University of Leicester in the United Kingdom.

office holders in their credit union or credit union development agency and who can provide two references from professional persons. one of which must be from a senior manager/officer employed within the applicants co-operative attesting to the applicants suitability for this programme of study.

Cost of the programme commencing September 1996

Total of £780 payable on a module by module basis in six instalments of £130 in advance of each module. There will be no other charges levied by the University, except in the case of a resit examination when the costs of postage and examination charges will be levied. Candidates are reminded that they may incur additional costs if they need to telephone or fax course faculty for tutorial support. The University charges include reasonable outgoing correspondence, fax, and e-mail communication from the University but all telephone communication must be at the students expense. The course materials will be self - sufficient to complete the programme and the assignments. Students may be recommended to explore further readings at a latter date but these will not be required for the completion of this programme of study. There are no residential requirements for this programme.

System of assessment

Towards the end of the private study period course members will receive an assignment. Candidates may write a minimum of 2,500 words for the Certificate Pass level or between 3,500 and 4,000 words if they wish to try for the

Endorsed Clear Pass level which gives access to the Diploma if this standard is achieved on four out of the six modules with no fails (one resit per module on a maximum of two modules is permitted). The Pass level on the Certificate requires candidates to achieve a minimum of a Pass on each assignment (one resit per module on a maximum of two modules is permitted).

The Course Syllabus Headings *

1. What is a Credit Union?
2. Regulating Credit Unions
3. Developing Credit Unions
4. Managing a Credit Union
5. Financial Management in Credit Unions
6. The Ethical and Technical Management of Loan Applications and Monitoring Processes in Credit Unions.

* A detailed breakdown of the topics covered under these headings is available on application. The estimated completion time is 84 weeks allowing time for completion of assignments and private study based on approximately 7.5 hrs per week . (Course members who have been away from formal study may take a module or two to reach something close to these timings. They are meant to be only a rough guide and the University ac-

cepts no responsibility for the students study times which are the responsibility of each candidate commensurate with their knowledge ability and circumstances). The University's Board of Study will always sympathetically consider applications for extension in completion times for assignments where they are supported by written explanations prior to the deadline being reached.

Who may apply ?

Graduates of any discipline interested in developing their knowledge of credit unions and their management. Non graduates who are office holders or holders of management positions within functioning credit unions or credit union development agencies or credit union federal bodies interested in developing their understanding of management in credit unions.

Postgraduate Diploma and Masters in Co-operative Management and Organisational Development.

Course Aims

- To understand the history, purpose, structure, regulations and social philosophy of co-operative organisation.
- To understand the background to modern management and organisational theory and its relevance and contrast to co-operative approaches.
- To understand those forces that are providing the motor for change in the business and social environment of co-operatives.
- To understand how to apply the best management techniques available for the analysis, development, control and leadership of co-operative businesses and communities.
- To understand the broad sweep of co-operative purpose, values, and

principles as they might apply in any given co-operative context.

Knowledge and skills imparted in the programme:

To be able to understand the appropriate management techniques for the analysis, development, control and leadership of the co-operative business and community.

To be able to identify the key result areas for the co-operative business and community and to monitor and respond to this key data.

Entry Requirements

A minimum of a good second class honours degree, or the endorsed level on the Certificate Programme. Exceptional entry will only be permitted to non graduates who have achieved a senior management position within a co-operative society with a substantial turnover and who can demonstrate

extensive experience in this role. All applications require to be accompanied by two professional references.

Cost of the programme (Sept. 1996)

Total of £1000 payable on a module by module basis in five instalments of £200 in advance of each module for those who want to go only as far as the Postgraduate Diploma. There will be no other charges levied by the University except in the case of a resit examination when the bare costs of postage and examination charges will be levied. Candidates are reminded that they may incur additional costs if they need to telephone or fax course faculty for tutorial support. The University charges include reasonable outgoing correspondence, fax, and e-mail communication from the University but all telephone communication must be at the students expense. The course materials will require the purchase of some additional text books to complete the programme materials and the assignments. (A figure of approximately £120 should be budgeted for these) Students may be recommended to explore further readings at a latter date but these will not be required for the completion of this programme of study. There are no residential requirements for the Diploma programme.

The MA element is payable in advance in two stages. Firstly, a payment of £200 for the research methods taught module and a second final payment of £800 for the supervised dissertation.

The University regrets that no further instalment system is permitted for this element of the programme. There is a

further cost incurred in the expenses candidates will normally incur when meeting the attendance requirement for an oral examination, following their completion and submission of the Masters. The oral examinations will as far as possible be organised on a regional basis to keep travel costs and time away from work and family to a minimum.

System of Assessment

Towards the end of the private study period course members will receive an assignment. Candidates must write 5,000 words for each assignment and achieve a Pass on all five modules (with one resit permitted on up to two modules) in order to achieve the award of the Post graduate Diploma. Candidates wishing to be admitted to the Masters element of the programme must achieve the standards of Clear Pass on three out of the five modules with no fails (with one resit permitted on up to two modules). Masters candidates must successfully complete one taught module on research methods for managers at Pass level before being allowed to proceed to the supervised dissertation.

The Course Syllabus Headings *

Diploma

- The Environment. Co-operatives and their Purpose in the Market.
- Organisations and Society. Co-operative Values, Management, and Organisation.
- Co-operative Management. Management disciplines and techniques within the co-operative society.

- People in Co-operatives.
- Strategic Management within the Co-operative Sector.

Masters

- Research and Quantitative Methods for Managers.
- Supervised Dissertation on a topic agreed in advance with the University of Leicester.

The supervisor will as far as possible be located within travelling distance of the candidate but the University does not guarantee this, and in cases where a particular and highly specialised expertise is required proximity may not be the most significant factor in choosing the right supervisor. Candidates should only expect feedback from supervisors by post or fax following receipt of written work. Any telephone communication between supervisors and candidates must be at the candidate's expense. It is for the candidate to communicate or visit the supervisor not the other way round. Face to face supervision is not a course requirement.

* A detailed breakdown of the topics covered under these headings is available on application. The estimated completion time is 80 weeks (assuming a study time of 15 hrs per week over 900 hrs plus another 300 hrs allowance of an extra four weeks work per assignment) . Course members who have been away from formal

study may take a module or two to reach something close to these timings. They are meant to be only a rough guide and the University accepts no responsibility for the students' study times which are the responsibility of each candidate commensurate with their knowledge ability and circumstances. The University's Board of Study will always sympathetically consider applications for extension in completion times for assignments and dissertations where they are supported by written explanations prior to the deadline being reached.

Who may apply?

Graduates in any social science disciplines or any other graduate who can demonstrate experience in line management within a co-operative society.

Experienced senior managers and other professionally qualified persons working in co-operative societies with a substantial turnover may be permitted exceptional entry to the Diploma and subject to performance move forward to the Masters element.

Enquiries should be sent to Dr Peter Davis, Director, The Unit for Membership Based Organisations , The Management Centre, University of Leicester, University Road, Leicester, LE1 7RH.

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Priorities for ICA Europe Work Programme 1996-97

by Arsenio Invernizzi*

Introduction

This document aims at defining the work priorities and the strategy for ICA Europe and has been prepared for discussion at the meeting of the European Council (EC) and the European Regional Assembly to be held in Manchester on 19 September 1995. It has taken into account the remarks of the EC members made at their meeting on 12 July 1995 in St. Petersburg.

Based on the priorities to be approved by the Regional Assembly in Manchester, the Secretariat of the European Council will submit for the next Council meeting a work programme and a budget for 1996.

Experiences in 1994-1995

The first two years have permitted to set up officially the European Regional Assembly and elect the European Council as well as to decentralise certain activities within the Region based on the priorities set by the Council and approved by the Regional Assembly; it also permitted to make a realistic evaluation on what is convenient and what is possible to do in Europe, without establishing new structures and/or increase the fixed costs of ICA.



The effective work has been done in majority through the voluntary contribution and self-financing of the member organisations which has been completed by the modest financial contribution of the European Commission. At the first Regional Assembly held in Prague last October the decision was made to focus the activities of the working groups on the following six priorities:

1. Strengthening of Co-operatives in Eastern and Central Europe;
2. Management Control Systems and Corporate Governance;
3. Sustainable Human Development;
4. Gender issues;
5. Improving Information and Communication;

* Mr Invernizzi is Senior Programme Analyst at ICA Geneva and Secretary to ICA Europe.

6. Co-operatives and Schools (see details of activities implemented in Vol.88/3 of the Review of International Co-operation - XXXI ICA Congress, Section IV, pp. 21-26).

Some of the activities considered as priorities will be finished by the time of the Congress as far as ICA Europe is concerned, although they would need to be followed up from a global aspect or in certain cases included in the development of cross-border collaborations between the national and/or sectoral co-operative movements.

This is true for instance for the programme relating to co-operatives and schools. It seems to us convenient as well that gender issues constitute a global priority of the overall strategy rather than a separate priority in itself, among the others.

Considering all the above elements, the following four priorities are proposed for the annual work programme of ICA Europe in 1996 to be approved by the European Regional Assembly in Manchester.

The activities to be carried on on this bases will be open to and require the participation of all of the European co-operative movements as well as the collaboration of the sectoral associations, members of CCACC with which protocols of agreement will be signed during the centennial Congress in Manchester.

Future Priorities

1. Strengthening of Co-operatives in Eastern and Central Europe

This priority - considered by the European Regional Assembly of Prague, 1994, as the most important one - could include the following activities:

- assistance to co-operative movements - on their request - in their dialogue with government agencies with the aim of improving the image of co-operatives and co-operative legislation;
- definition of priority themes for sub-regional co-operation of interest to one or several co-operative movements and organisation, together with Co-op Network of a seminar linked to one of the European Council meetings to be held in 1996 on the "Conditions, methods and targets of support to the co-operative movements of Central and Eastern Europe"
- collaboration with Co-op Network for defining the further steps to integrate its activities within the framework of ICA Europe.

2. Code of practice, governing methods and management control systems

This activity will have two main components:

- The work following the revision of the co-operative principles by the Congress, for instance, the revision of the co-operative legislation and the training of experts in co-operative law and economics.
- The implementation of the recommendations concerning the co-op-

erative code of practice resulting from the analysis and the seminar on "Corporate Governance" in St.Petersburg.

3. Sustainable Human Development (SHD)

Within this large concept as indicated in the ICA Congress document ICA Europe is suggesting to focus on three priority areas: 1. environment, 2. job creation and fight against exclusion, 3. international co-operation North/South.

ICA Europe should continue supporting the ICA global action on SHD through the following activities:

- encourage and facilitate the transfer of know-how and experiences available in the European co-operative movements by organising an East-West seminar on the management systems and co-operative technologies respecting the environment;
- participate in the study, the implementation and voluntary financing by the European co-operative movements of the "trust fund" to be suggested by ICA at its Congress in Manchester;
- promote policy dialogue with the European Union aiming at

strengthening co-operation to the benefit of the co-operative movements of the South, and particularly those of Africa.

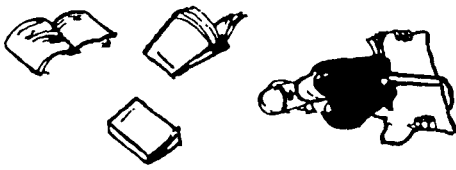
4. Co-operative Image in Europe: Improving Information and Communication

This priority will include the further phases of the project "Co-operatives and Schools" and the European contribution to the global ICA programme on information and communication and its active participation in developing and using electronic networking.

To facilitate ICA Europe a better policy dialogue with the European authorities and to enable to provide a more efficient support to members ICA Europe needs to dispose of a better information base on the movements of the region.

Therefore ICA Europe would like to receive from the European members a brief analysis of the situation of their co-operative development and the existing statistics.

On this basis the ICA European Secretariat will be able to prepare a global report on the situation of co-operatives in Europe which would be the basis for the annual report of the President of ICA Europe.



Book Reviews

Co-operative Ways of Working

Edited by Godfrey Baldacchino, Saviour Rizzo, Edward L. Zammit. Workers Participation Development Centre, University of Malta, 1994, 205 pp.

The book brings together the papers presented during two seminars on the subject of the viability of worker co-operatives which took place in Malta in June 1993 and September 1994.

The volume is divided into three sections: co-operative principles, national experiences of co-operation and case studies on worker co-ops. J. von Muralt, G. Ullrich and H.-H. Muenkner have presented the progress of the co-operative sector and the ILO contribution to its development.

In their respective papers, Chris Conforth and Mary Mellor brilliantly analyse the present position of workers movement in the UK. There were 1,400 societies in 1988 and the number is decreasing. The socio-economic conditions prevalent in today's Britain, financial discrimination from banks and a certain lack of motivation are among the major obstacles to development. Workers co-ops are mostly small businesses operating in market niches or sub-contractors to large societies. The government, which was very supportive to co-operatives by the end of seventies, gradually withdrew its funding

during the eighties. Both authors agree that a social and political framework supportive to the idea of co-operation should be created to foster the sectors' achievements.

The country studies from Cyprus, Greece, Italy, Malta and Spain bring a wealth of information on the history and recent developments in the worker's sector. The authors analyse the legislative and socio-economic conditions including the latest statistics of the sector.

Two of the three case studies are descriptions of fortuitous encounters which two men had in the 1950s with a similar idea, encounters, which, decades after the initial shock, are still producing beneficial influence over concerned communities. The men, Ernest Bader in the first case and Don José Maria Arizmendarrieta in the second, did not have many things in common except for profound belief that men should control their lives by controlling the work situation. And they both believed that the co-operative way of doing this was the best way. Scott Bader Commonwealth, the UK chemi-

cal business, and ULGOR-Mondragon have been set up respectively in 1951 and in 1956. Both enterprises were guided since the very beginning by founding fathers who, even without formal appointment, exercised influence over the companies' decisions. Since that first epoch, both passed the stage of social experiment to become highly successful, economically viable companies. Will it be possible, there-

fore, to institutionalise the model? Both reports emphasise the uniqueness of the initial settings. Besides the 'spiritus movens', be it a catholic priest or an enlightened entrepreneur, the members should be at ease with economic democracy and accept that they may not agree individually with all decisions taken collectively. Having agreed to that, in counterpart, they will share the wonderful sense of belonging.

Alina Pawlowska

Co-operatives : Past, Present, Future. Development through Mutual self-help

Edited by Charles Kabuga and Pius K. Batarinyebwa, Uganda Co-operative Alliance, Kampala, 1995, 286 pp. ISBN 9970-9006-1-8

This book, recently published by the Uganda Co-operative Alliance, is targeted at upper primary and secondary school students and constitutes the first of a series of publications intended to foster co-operative education. The folk-tales in the first part are followed by articles investigating the Ugandan experience in the second part and the description of principal sectors in the third part.

It starts like this:

"Once upon a time, wild dogs used to hunt individually. Their numbers started decreasing as they could hardly catch enough animals for eating. These lone-hunters were also easily killed by lions."

And the story goes on with people from Utopia village killing the el-

phant and those from Marangu building the hut and Muyaye and Muyaga sailing across Lake Edward on a leaking boat: simple, poetical tales, much in Céline's vein, emphasising the advantages of co-operation and what happens when solidarity is missing. The ideology underlying these short texts is that there is a kind of natural link between the rural tradition of shared work which allows African peasants to adopt more complicated organisational forms easily. The subsequent articles contradict this idea since nothing in the history of the Ugandan movement seems organisationally uncomplicated.

The co-operatives were introduced to Uganda in the beginning of the century to improve the terms of trade of the main agricultural crops: cotton and

coffee. In 1946, after several decades of existence, the British government introduced a Co-operative Ordinance initiating a long period of growth and prosperity. Independence had seen the departure of many leaders who had found a more suitable platform in political life for reforming society but, rich in co-op experience, used the co-operatives as tools for implementing government policies. The movement expanded rapidly, but due to lack of adequate preparation, hardly achieved economic viability. The repeated failures called for greater government intervention, and led to the transformation of co-ops into parastatal organisations. As a result, the co-ops acted more as government extensions than

as an organisations representing members. In Uganda this situation has been legalised by the 1970 Co-operative Act which divested Boards and gave extra powers to the Registrar.

The basic theme that recurs throughout ensuing chapters is the need to reduce government influence over co-operatives. This would be in tune with the liberalisation from rigid planification, which is taking place in social spheres as well as in the national economy. This also implies enhanced opportunities and more challenges, with the final aim being to transform co-ops into autonomous, self-managed self-supporting private sector entities.

Alina Pawlowska

Co-operative Learning : The Collection

Member Education Department, Co-operative College, Stanford Hall, Loughborough, Leics. 130 pp (lose leaf), March, 1995.

As the title implies, this is a collection of articles and activities which focus on co-operation, co-operative learning and co-operatives as organizations. Published by the Member Education Department of the British Co-operative Union, this publication is primarily intended for use in designing learning modules on co-operation or co-operative studies in primary and secondary schools, colleges or the member education programmes of co-operative societies.

The material is presented in a loose-leaf binder which facilitates addition

of new materials or replacement of existing ones either by the publishers, the trainers or the learners. Users can also select the parts that relates to their interests or the needs of the group they are responsible for.

The package is the first in a planned series which brings together activities from various sources with a track record of success. It is planned that the second part in the series will comprise further activities and articles on key themes which have hitherto not sufficiently been tackled.

The material is designed with three objectives in mind:

- * to promote co-operation as a process,
- * to develop skills
- * to illustrate co-operation in practice.

To achieve these objectives, the material is presented in six sections as follows:

Section 1: which provides the rationale for the publication and a table of contents.

Section 2: which carries articles on co-operation, co-operative learning, co-operatives and related subjects. These include: The Concept of Co-operation; The Case for Co-operative Learning; Effective Co-operative Group Work; and Challenges to Educators and Co-operators.

Section 3: which comprises 29 games and activities suitable for people ranging in age from six years to adults of all ages. Although the games and activities do not have much educational value or direct relevance to co-operation or co-operatives (apart from the fact of their being played or acted by a group of people), they are only included for the purpose of enlivening or 'energizing' the groups.

Section 4: which provides active learning activities in a short time span and which explores co-operation as a process. These activities include a simple exercise which require co-operation

within a group to assemble shapes and a mini case.

Section 5: which explores co-operation as a process, with extended activities which focus on co-operatives and using co-operatives as a context. Presentation here is in the form of 'split' information activity which requires all members of a group to share information to fully answer a question sheet. The task cannot be completed by individuals on their own. The need to work as a group illustrates the process of co-operation.

Section 6: which provides factual information on the co-operative movement (mainly) in the United Kingdom.

Although primarily designed for use in the United Kingdom - and does indeed focus mainly on the British co-operative movement, some of the material in the package is of equal relevance to co-operative educators and learners in other countries - not least the developing ones. This is particularly true of Sections 2, 4 and 5 which, with some adaptation, will be found useful - especially in the current effort in most developing countries to introduce co-operatives as a subject in the regular school curricula.

The contributors, authors and editors of 'The Collection' have done a commendable job by adding to the limited fund of literature adaptable for schools and local member education programmes. It is to be hoped that the second part in the series will be blessed with a greater universal orientation.

Sam Mshiu

Co-operation, Conflict and Consensus: B.C. Central and the Credit Union Movement to 1994

by Ian MacPherson, *B.C. Central Credit Union, Vancouver, Canada, 1995, 291 pp, including bibliographical references and index, ISBN 0-9699052-0-32.*

While Ian MacPherson was helping the ICA to revise the Co-operative Principles, and still managing to earn a living at the University of Victoria, he was also writing the 60-year history of the amazingly successful financial co-operatives of Canada's westernmost province.

British Columbia's credit unions have grown through three distinct stages. In their early days, they were often the only provider of basic financial services for working people in small communities. Later they developed in the large urban areas by meeting another need: easily-available mortgage loans for house purchases, which became the basis of their rapid growth. Today, with one-third of the active population as members, they are successfully competing as full-service financial institutions with the largest of the commercial banks.

As Ian MacPherson demonstrates, innovation has been one of the reasons for this success. VanCity, the province's largest credit union with 207,000 members and \$3.6 billion in assets, is renowned for having invented new products such as daily interest savings accounts, open-ended mortgages, and ethical mutual funds far in advance of its competitors.

But the progress was not always smooth. The growth of the credit un-

ions' second-tier organisation, B.C. Central, was accompanied by frequent disputes, especially with its largest members, over issues of local autonomy versus the need for centralised services. While some leaders saw credit unions as a means for broader co-operative and community development, others regarded such concerns as irrelevant, and even dangerous, for growing financial institutions. Although B.C. credit union leaders (including the author himself) played an important role in building national and international financial co-operative structures, their efforts were not always appreciated at home.

The universality of these themes will make this book of interest and relevance to co-operators in other countries and other sectors. In the final analysis, the B.C. struggles were resolved with partial victories and compromises on all sides. B.C. Central is today a strong organisation, with wide support, but no longer active in the kind of commercial loans and property development which its larger members prefer to undertake directly. The large credit unions, for the most part, have seen the logic of participating in joint advertising and electronic payment programmes on a system-wide basis.

One of Ian MacPherson's central themes is that many of the problems associated with the rapid growth of the 1970s

could have been avoided if greater attention had been given to education and training of board members. The need to upgrade the skills of credit union employees diverted attention from the equally important task of preparing board members to monitor and control the actions of their aggressive and entrepreneurial chief executives.

As befits the author of the ICA's "Co-operative Principles for the 21st Cen-

ture", Ian MacPherson concludes with two recommendations for future credit union growth—building better bonds with the members, and focussing on community interests. These two areas of co-operative strength and uniqueness are, for him and many others, the keys to the success of co-operative entrepreneurship in the years ahead.

Bruce Thordarson

The World of Co-operative Enterprise 1996

The World of Co-operative Enterprise 1996 is published by the Plunkett Foundation, price 1P.Stg.16.95. (Plunkett Foundation, 23 Hanborough Business Park, Long Hanborough, Oxford OX8 8LH, UK. Tel.01993-88 36 36, Fax.01993-88 35 76; E-mail plunkett@gn.apc.org)

Since the ending of the cold war, it has been taken for granted by most market analysts that the dominant form of business organisation will be the investor-owned company. Yet there is considerable unease about the profit-driven policies and short-term thinking of such firms, and calls for the rights of other stakeholders—customers, workers, the community and the natural environment—to be taken into account. The Plunkett Foundation begins from a different viewpoint, that of 'people-centred' businesses which are struggling within the same competitive environment to deliver benefits not to shareholders but to members. In order to stimulate debate, to exchange information and to make known interesting new areas of co-operative development, the Foundation

publishes this annual collection of short papers. Each year there are four themes, and those for 1996 are co-operation between co-operatives; health and care co-ops; new ways of financing co-ops; and *one regular feature (a review of Co-operation in the U.K.

S.K. Saxena, ex-director of the International Co-operative Alliance is well placed to ask why there is not more co-operation between co-ops, and his analysis ranges worldwide, concluding that a common ideology is not enough; a perceived economic advantage is essential. Two well-known analysts of consumer co-ops, Brazda and Schediwiy, find that federated co-operative systems 'tend to be subject to intolerable institutional strains as a result of decreasing ideological commit-

ment and increasing competition. They put forward a series of testable hypotheses based on the life cycle of federations, and their conclusion is startling; that in order to work well they need a dominant partner. Other contributions include a description of 'Inter-coop', the international association of consumer co-ops; prospects for co-operative collaboration in Eastern and Central Europe; Latin America's co-operative financial system; obstacles to inter co-operative co-operation in Cyprus; and the results of a study of strategic alliances among Canadian co-ops. Finally, P.L. Taylor distinguishes between two types of federation in the famous Mondragon co-ops, using case studies to show how different the dynamics of groups based on communal solidarity are from those based purely on a business sector.

Co-operatives are a growing force in the health and social care sectors; so much so that a new international body has just been set up to represent them. They are a long established and dynamic part of the health care sector in Japan and Brazil, owning hospitals and providing everything from preventive to emergency treatment. They have grown out of very different needs: in Japan for basic health care for agricultural co-op members, in Brazil to protect the interests of doctors against a (previously) hostile government, so that they take a consumer and a worker co-op form respectively. These studies are complemented by analyses of recent developments in the UK, USA, Italy, and Sweden, which show that the co-operative model has huge potential in the current restructuring of welfare

services in western countries. They are turning a welfare 'crisis' into an opportunity; in which consumers and workers have more say on the quality of services.

In 1995 the International Co-operative Alliance revised its co-operative principles, and probably the most contentious issue was that of how capital can be raised without disadvantaging co-ops in the financial markets, while at the same time safeguarding members' control. Edgar Parnell, Director of the Plunkett Foundation, argues that conversion to public limited companies is not the solution, but that markets have to be created for co-operative investment. A study of an Australian dairy co-op shows just how effectively traditional forms of capital raising can be used, but that even then, in order to match the growth rates of its competitors, it has to consider issuing external co-operative capital units via an investment company. Studies of a US farm credit bank, the British worker co-operative scene, and Danish food processing co-ops, show that there are a wide variety of alternatives to conversion to an investor-owned company, including joint ventures which keep the two types of ownership distinct but allow the injection of capital which fast growing co-ops need.

The review of co-operation in the UK provides accounts of a successful apex body, the UK Co-operative Council; analysis of the agricultural co-op sector which, like the article on federations poses the question of whether there is a natural cycle in co-ops (with 'old' ones opting for plc status); an ac-

count of the 'co-operatisation of a compulsory milk marketing system; and a trenchant assessment of the role of consumerco-ops as traditional retailers. Good news from a rapidly growing credit union sector is tempered by modest news from the worker co-op sector, and an accurate but depressing analysis of how, in the face of an unsympathetic state funding and regulatory system, the UK co-operative housing sector has almost stopped growing.

This is not a tightly controlled edited book, but nor is it just a collection of papers. Its focus on co-operative problems and opportunities is consistent and of high quality, and should be used to stimulate further reflection and debate not only among co-operators but among those concerned with the impact of the new global economy and with the future of social welfare.

Johnston Birchall

Binding



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REVIEW OF INTERNATIONAL CO-OPERATION

Visit the ICA International Co-op Web site at:

<http://www.coop.org>

for information on the International Co-operative Alliance and details of its rules, structure, activities and sectorial organisations (Specialised Bodies).

Data is also available on the history and current information about the international movement, co-operative publications and co-operative issues. Additionally, there are links to websites worldwide in all sectors of the economy, sites on international organisations and business information of interest to co-operatives, plus useful internet software and training materials on internet and web development, easy access to the ICA/UWCC Co-operative Gopher and much, much more.

All information is available in English, plus newly available web pages in French and Spanish.

Or visit the ICA/UWCC Co-operative Gopher at:

<gopher://wiscinfo.edu:70/11/.info-source/.coop>

Opinions expressed in this publication are not necessarily those of the leadership and management of the ICA.

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The length of articles submitted should be a maximum of 10 pages typed in double spacing. If possible, please submit both a hard copy and a disquette stating which word processing software was used on IBM compatible or Macintosh hardware or E-mail to treacy@coop.org

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This special issue of the Review is a collaborative effort with the ICA Research Committee. This Committee is a rich source of information of interest to co-operative leaders worldwide and this issue aims to give its members a medium through which they can make their work more widely known at an international level. We hope it will be the first of many joint publications.

Editorial

The papers in this special issue are all drawn from an excellent ICA Research Committee Conference held in Manchester to mark the ICA's 150th anniversary. It was the last conference organised by Sven Åke Bööck and was a fitting conclusion to many years' hard work, by him and by Kai Blomqvist and the others who ably assisted him. We would like to thank them for their work, enthusiasm and for the friendly, informal yet effective style with which they achieved so much.



I took over as Chair of the Research Committee in Manchester, and together with Yohanan Stryjan of Stockholm Business School, and Lou Hammond-Ketilson of Saskatchewan University Co-operative Centre, developed a two-pronged strategy to increase the visibility of our research findings and to strengthen our global organisation and activities. In discussion with Mary Treacy, Communications Director of the ICA, we decided to do a special issue of the Review to disseminate findings from some of the best papers at the Manchester Research Conference. This has not been an easy task, partly because there were about 50 papers which had to be read and re-read, and secondly because there were many good ones. I have attempted to select a reasonable spread of papers across the globe, across sectors and across issues.

I have also tried to pick papers which have a bearing on a wider range of sectors and countries than the specific ones immediately addressed i.e. they address important and general issues. Thus the ten papers chosen reflect range and variety, and this means, unfortunately, that many good ones have had to be left out.

Although the papers were selected partly to show the diversity of research being undertaken, I have attempted to put them together in some order, but there are many other ways they could have been put together. The first three are concerned with co-operative values and factors influencing them, including the rights and position of women in co-operatives. The next three examine, on the one hand, the changing role of the state, through privatisation, less state intervention and a more independent co-operative sector, and on the other, the way

the co-operative movement responds, including an historical analysis of the ICA's changing international role. The final four papers develop analyses of strategic and structural issues.

The recent international debates and discussions on co-operative values and principles have been essential to sustain co-operation in a changing global context. But their immediate impact has been on the most active and senior co-operators who participate in regional and international meetings. How is the new message of co-operation to be shared with the ordinary member?

Communication, education and training are clearly vital, and the ICA and national federations are very active through their Communications activities and Human Resource Development programme. Corporate Governance, a current priority with ICA Europe, also has an important role to play. But a thoroughgoing review of effective co-operation would also have to rethink the co-operative nature of regular exchange and interaction by the member with the co-operative. This is where the first paper by Gurli Jakobsen makes a contribution. It is based on an extremely interesting case study in Argentina, a country with extensive co-operative experience. It explores how "co-operation" (or the idea of being a member) is created and reproduced on a regular basis. The outcome is that it is not just the formal aspects of co-operation that are important (as embodied in the co-operative principles), though important they undoubtedly are. But of major importance is the way in which through members' regular transactions with the co-operative, they play out these principles, by doing their regular activities in a mutualistic, involving and participative way. In addition the case shows that certain activities may be structured in a way that strengthens this sense of mutualism and association while being more economically efficient. Although it may not be possible for all co-operatives to substantially restructure their activities along similar lines, this paper puts the emphasis firmly on thinking about how co-operation is embodied in the regular ordinary transactions that members make with their co-operatives. The message is clear - if people do not reproduce co-operation regularly at that time (i.e. conduct their regular transactions in a way that in some sense is distinctively co-operative), then their sense of being a member will be hollow and meaningless.

The next paper by Calvin Kangara looks at problems of development in Africa and the role of co-operatives. But its relevance is much wider, to all regions and communities where social and economic development are major goals. Kangara focuses on the links between a co-operative and the community, and restoring that positive dynamic, the virtual circle of community benefits/member participation. He also points to the need to build on indigenous models and practices of mutualism and co-operation, and hence a more flexible bottom-up approach to defining the basis of a co-operative (or pre-co-operative).

Gender issues are becoming increasingly important within and outside the co-operative movement, largely because of turning democratic values into practice, but also because many people believe that a more equal workplace might be a better workplace. The paper by Lou Hammond Ketilson is based on an empirical study of different approaches to the involvement and participation of women in Canada. It outlines many ways of improving the way co-operatives respond to this important issue.

The collapse of state-run communism in Eastern and Central Europe, with consequent privatisation and marketisation of the economy, has dramatically changed the co-operative landscape. Adam Piechowski and Marian Brodzinski examine the restructuring of Polish co-operatives which has parallels in many Eastern European and ex-Soviet bloc countries. Similar forces are being felt, though less drastically, in most parts of the world. An associated effect has been the internationalisation and deregulation of markets which has led to a reconsideration of the role of the state in the development process. We can see this in the growth in importance of NGOs (non-governmental organisations) and in the state withdrawing (at least officially) from a controlling role in many economic areas. Co-operatives in many Third World countries have suffered from the heavy hand of the state, which has often left members without much sense that they control their own co-operatives. This paper by Krishan Taimni addresses some of these issues in South Asia, by considering how the role of the registrar of co-operatives can be adjusted to a more limited position so that it does not hinder the development and independence of co-operatives.

All players in a market have to adjust to or reach an accommodation with the state (and many large players in the private sector often appear to do rather well), but national and international co-operative federations play a vital role here.

The paper by Rita Rhodes examines the historical role of the ICA, bringing out some of the major points in her recent book about the ICA between 1910 and 1950.

Economic power and possibly size appear important in meeting the challenge of globalisation of markets and competition. Yet co-operatives do not appear to engage in the same level of merger and take-over activity as in the private sector (certainly as compared with the Anglo-Saxon business world). Fortunately flexibility and partnership also have important strategic roles in today's rapidly changing markets, and co-operatives appear to have competitive advantages here. Peter Normark draws on experience in Scandinavia to examine the importance of strategic alliances and transnational co-operation. And Robert Schediwy documents the lessons to be learned from the merger and collapse of Austria Konsum.

Restructuring is one of the dominant themes of the last 10 years, and it is becoming a permanent feature of corporate business life, partly as a response to the issues outlined above and the increasing deregulation and reduction of protectionism in markets. The paper by Akira Kurimoto, which bears comparison with that of Normark, outlines the strategies employed by consumer co-operatives in Japan, but it has parallels in many other countries.

Yohanan Stryjan, in a thoughtful paper which draws parallels with Apple Computers vs IBM and Microsoft, compares different strategic models for the development of co-operatives - by extension (developing new branches) or by proliferation (founding new co-operatives). He argues that this also requires consideration of the new markets where co-operatives might flourish much more strongly if "the movement" were in a position to reallocate resources to stimulate such developments, e.g. in the health and social care sectors (one positive step in this direction is the new committee being formed by the ICA in this area).

Several other important themes emerged at the Manchester Research Conference including social audit as a way of ensuring that progress towards co-operative goals and principles are regularly reviewed, both from the point of view of providing the basis for marketing a positive image, and from the basis of organisational learning and strategy. Social balance sheets have been used in France and Italy for years but approaches are now becoming more developed towards fuller audits of social and economic performance.

The Research Committee's next conferences are in Tartu, Estonia and Budapest, Hungary, in September and October respectively. We hope these conferences will be as lively and stimulating as usual, and welcome all new participants. We are strengthening our committee with a new Japanese member and in future we hope to develop regular research events globally and regionally, that continue to address issues of concern to members and managers.

Finally, as all papers were shortened by their authors for this special issue, I would like to thank them for their research and for writing both papers! I would also like to thank Mary Treacy, ICA Communications Director, for editing the papers and putting this Special Issue together.

*Roger Spear
Chair, ICA Research Committee*

When Business Leads to Co-operative Development

A Study of Educational Processes in a Co-operative

by Gurli Jakobsen*

Presentation of Problem

Intuitively we know that we learn from what we do, from our experiences and the meaning we give to these experiences, and not only from what we "learn in school". This paper focuses on such informal and often implicit learning processes in relation to co-operation in co-operatives. Although many co-operative movements express the belief that 'to become a co-operator one has to do co-operation', and some conceptualizations of co-operative education also include non-planned educational activities (P.Watkins 1986), then co-operative education is often understood as various forms of planned activities.

The case to be presented here is a service co-operative of associated farmers which operates in Argentina in the Buenos Aires Province. The reported study has led to a further analytical distinction within the category of informal education. It can take place explicitly as well as implicitly. This distinction helps to analyse the relation-



ship between educational processes and co-operative development. It raises the question of what type of education results from the implicit learning acquired through doing business in the firm, and how does this relate to more intentional educational efforts in favour of co-operative development¹.

Even though co-operation occurs in conventionally as well as in co-operatively organized enterprises, this fact does not imply that the problems are presented the same way and require the same type of answers or meet the same resistance in the two types of enterprises. The specific terms of ownership and principles of organization from conventionally organized enterprises condition the system of motivation and necessity of information for the participants. A co-operative enterprise in this context is understood an

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association (or society) of people/members that has organized its capital ownership as well as its system of influence and of power regulation according to the co-operative principles in order to carry out their shared economic activity or business². The central argument of the paper claims that the way these principles are interpreted and practiced in the 'daily life' of the enterprise, i.e. through the actual enterprise culture and leadership style, produces learning situations which may strengthen or weaken the co-operative understanding on the part of members and leadership.

Education and Co-operation

Assuming that the enterprise wants to strengthen its position economically and socially in a co-operative way, then co-operative education basically has two purposes when viewed from the perspective of the firm: that of socialization of the members into understanding the logic and dynamics of the existing organization as co-operative, and into understanding their role as member; and secondly, in relation to change and innovation in the firm, to equip the members with sufficient tools to enable them to think out new solutions and new inventions in accordance with the logic of the general principles and value system of the co-operative, even in a situation of crisis.

Educational activities differ with regard to the degree of formality involved. They range from the formal and non-formal learning schemes, whether inside the institutionalized school systems or in the form of workshops, seminars, or similar short-term

activities, often tailored to the needs of the enterprise to self or group-directed informal education situated in the firm or outside (Adams 1987:43). This variation is reflected in the ways the principle of co-operative education have been translated into action. They range from the promotion of co-operatives in schools to various educational efforts within the particular movement, and to initiatives within higher education (Watkins 1986).

This has been true of the Argentine co-operative movement, which provides the empirical example presented in this paper. Argentina is among the first countries to introduce a degree in co-operative studies at the university level, a programme of study which has been offered since the 1940s³. At the primary school level several co-operative education initiatives have been implemented for some time. The 1972 Argentine legislation on co-operatives required co-operatives to devote 5 per cent of their turnover profits to co-operative education for their members and the community in which they operate, either for internal initiatives or collectively, through their federation. This has led to interesting educational initiatives and experiences, both locally and regionally.

While there is a general consensus in the movement in Argentina concerning the areas of knowledge required, differences of opinion appear when it comes to concrete content and form. Three fields of skills are normally mentioned when characterizing co-operative education in the enterprises. They are (1) understanding the doctrine and

philosophy of co-operative-type enterprises; (2) training in the techniques of co-operation necessary for carrying out tasks as a member of the co-operative; and (3) the technical knowledge required for understanding the issues of the economic and social aspects of the enterprise. Not every type of co-operative, however, requires the same level of information and participation from all members and workers in order to function well. The particular economic activity, as well as the general cultural context, condition the educational requirements.

Case Study on an Insurance Co-op

The co-operative "La Dulce" has celebrated its 70 years of existence. It was founded in 1922 by immigrants from various European countries with the purpose of providing insurance to farmers against the risk of weather damage to their crops⁴.

The area insured during a season oscillated from 180-220 thousand hectares of crop within a radius of 150-200 km and had a membership of some 1200 farmers. It ranked nationally among the five largest firms offering insurance against hail damage and was the dominant company in its district of operation. An indication of its stable and successful economic management is the flourishing community cultural center constructed with funds from the co-operative. To this day its organizational set-up reflects a classical conception of co-operative principles, a remarkable situation given the statistically common tendency for economically successful co-operatives to become less co-operative over time.

I was struck by the rather high level of co-operative consciousness found in the leadership. Co-operative thinking was incorporated into the management style, but there was an obvious absence of co-operative education for the members. For example, new members were not receiving any particular introduction to the logic of co-operative organization. The only conscious educational efforts to be detected were: training of members to carry out damage evaluation (*tasador* in Spanish), and of having supplementary board members participate in the ordinary meetings for the explicit purpose of learning how leadership functions in the co-operative. Despite this, it seemed to function well, both co-operatively and economically. Does that mean that education is of no importance? This was not the conclusion drawn, but my attention became centered on the type of co-operative learning created by this style of leadership and management. The hypothesis was that co-operative and democratic learning in this co-operative somehow happened through the co-operative insurance activities⁵.

There appeared to be a number of routines and procedures of how to carry out the administration, management and leadership which provided opportunities for dialogue and other exchanges among leadership, members and employees. Examples of such situations in this case were:

- Evaluating crop damages was done by trained lay people. Members, not professionals, were doing this job as part of their membership. Through

discussions between evaluators and the farmer about particular damages, this system provided a continuous adjustment of what would be considered fair compensation for this group of farmers, i.e. among members and leadership. It also strengthened confidence in peer group competence - an important aspect of co-operation.

In case of a conflict about compensation, a new evaluation group would be set up; half could be people having the confidence of the farmer whose crop was damaged, and half appointed by the co-operative. This routine underlined equality among members and reliance on peer group capacity to handle conflicts - again an important aspect of co-operation.

Being an evaluator of damages gave members an opportunity to gradually become acquainted with the matters of the co-operative. In a type of co-operative which normally gives little opportunity for members to become informed or involved beyond the individual insurance business, a group of members were able to participate, ask questions and exert a certain control on management. Informed participation in sufficient numbers is another important aspect of co-operation.

The insurance premium varied from year to year according to the compensation paid out in damages. This practice provided insight into the direct link between the pre-

mium and the total amount of claimed compensation, and an understanding of the link between surplus and compensation paid to the member that was insured.

- The member paid his premium after the harvest, at the same time as he received any compensation. This procedure made administration simpler and cheaper while relying on the honesty of the members. Such an insurance contract routine presupposed and favoured a sense of co-operative responsibility of the members.
- The problem of payment due on premiums was a matter for the elected board, and not for the administration. The board members - farmers themselves - took charge of intervening in cases of non-paying members. They did not use hired agencies. One consequence of this was that leadership was well informed about the reasons and the changing economic conditions of the membership group. Another was that the insured client, the farmer, was not anonymous among his peers.
- Only members who were insured during the year had a right to vote at the yearly general assembly. This is a quite orthodox adaptation of the co-operative principles of control and distribution to those who have economic transactions with the co-operative: to make not only sharing in the returns but also the right of influence dependent on

having had transactions with the co-operative during the course of the year.

- Procedures for members to propose new candidates for the board were rather uncomplicated: candidates could be nominated at the general assembly itself and be submitted to secret ballot together with those proposed by the leadership. This practice favoured participation, in contrast to that of other established co-operatives in the region, which normally required candidates to have been preannounced and included on a list printed beforehand.
- New members could be accepted after recommendation by two members. The co-operative only traded with members. Together with the yearly balance, a membership list was published with each member's insurance activity, and the amount of damage compensation paid. These practices ensured that the membership group was not anonymous, and made the transactions of the co-operative transparent. These seem to be important conditions for social contact, information, and control of co-operative matters.
- Expulsion of members for not complying economically or socially did occur, but it was a rare event. The intervening body was the elected board members and not the administration.

The above-mentioned examples of business routines were repeated one or

more times within an insurance cycle. They all implied communication among members, and between members and board. They dealt with transactions, opinions, and attitude formation and purely business activities. Through trade, work or other normal business-relevant contact with the enterprise the members gain insight into the specific relations in the co-operative and the rationale behind this specificity, as well as an understanding of the consequences of being a member with regard to rights and duties and expression of common interests. Moreover the process of being informed of the needs of the members and thus of foreseeing future changes also occurs partially "along the way". The hypothesis is that the routines may provide opportunities for co-operative learning, insofar as they provide situations of dialogue concerning co-operative values, principles and organization. They become co-operative learning situations, in the sense that they deal with the co-operative specificity not only at the level of the "how" but also of the "why" of the co-operative.

A Model of Implicit Education assuming that such implicit educational processes exist and matter, it becomes a research challenge to incorporate them as part of the object of study.

For a purely analytical purpose a model of a co-operative was set up. The members of a co-operative relate to their enterprise in two ways: as a co-owner, and as a user. This is reflected in Figure 1 as [a] and [b] respectively. In a similar way the co-opera-

tive enterprise is depicted as a dual organization with an associative [A] and a business [B] part. Within each of the four logical combinations of membership and co-operative, one can identify processes of structuring authority and communication, as appear from the examples in figure 1. It does not claim to cover all forms of communication in the enterprise. It presents generalized examples which recur regularly at various intervals of time. The content of these examples will be influenced by the type of co-operative

and the corporate culture of the co-operative in question. In a service co-operative like the insurance company, the business side [B] comprises all the relations handling the buying and selling of a service to the members. The members in this case are co-owner/customers, while these relations in a worker co-operative correspond to the work and management relations that exist among the members of the co-operative, since in this type of co-operative the members are co-owner/workers. By identifying the routines and

Figure 1 - The Co-operative Enterprise

<i>Enterprise Membership</i>	<i>A Association</i>	<i>B Business organization</i>
<i>a Co-owner</i>	<p style="text-align: center;"><i>aA</i></p> <ul style="list-style-type: none"> • <i>General assembly</i> • <i>Election of leadership</i> • <i>Formulation of co-owner's interests</i> • <i>Information and education of members as goal setters of the enterprise</i> • <i>General assembly</i> 	<p style="text-align: center;"><i>aB</i></p> <ul style="list-style-type: none"> • <i>Co-owner's participation in governance and management</i> • <i>Voluntary work as co-owners</i> • <i>Commissions and work groups</i>
<i>b User</i>	<p style="text-align: center;"><i>bA</i></p> <ul style="list-style-type: none"> • <i>Formulation of user interests</i> • <i>Commissions and work groups related to user's interests</i> • <i>Social activities as a user</i> • <i>Information and education about user interests</i> 	<p style="text-align: center;"><i>bB</i></p> <ul style="list-style-type: none"> • <i>Business/work relations between user and cooperative</i> • <i>Economic relations between user and cooperative</i>

procedures in a concrete case along the lines indicated in Figure 1, and describing the cultural aspects of these situations, their uses, norms and practices, each co-operative will show a distinct profile, a distinct enterprise culture with different co-operative learning potential.

Applying the Model to the Case Study

When describing the different internal relations and activities in a concrete co-operative, these can be classified as reflecting one or more of these four logical combinations shown in figure 1. The insurance co-operative showed a profile of communication for all four member-co-operative combinations. As co-owners, the membership group related to the co-operative at the level of association as well as at the level of business organization. This also occurred in their capacity as farmers in need of insurance, i.e. as members/customers. As can be noted from the presentation of the case, the practices of the insurance business itself provided opportunities for adjusting opinions within the membership group and in the leadership about what was fair indemnification. An example of this is the practice concerning evaluation of damages, which provides ample opportunity for members, both as clients and as co-owners, to gain understanding of the co-operative economic interconnections. Another example of a recurrent learning situation is payment of the premium. One would typically expect this to be a purely economic matter in an insurance company. In this case, the administration of payment of premiums is organized in such

a way that it relates to members in their capacity as co-owners. This reliance on the social responsibility of those who insure is, moreover, an example of an economic transaction which takes advantage of the associative side of the co-operative in order to lower administrative costs.

The study revealed a co-operative leadership style where the business side of the co-operative relied strongly on the particular structure of the co-operative for its economic success, i.e. the associative aspects. This result is contrary to what is normally assumed to happen to the role of membership over time in a process of economic success and is also contrary to many empirical cases. A contrasting example would be a co-operative with a leadership style approaching that of a stockholder company. It would probably emphasize the customer-business relations [bB] in a technical economic way. The type of management that emerges within such a leadership style presupposes little or no participation on the part of the elected board in the daily running of the business [aB], and a general assembly of the membership group more like that of stockholders with an exclusive concentration on the economic output [aA].

Philosophy of Leadership

It would be wrong to claim that this particular style of leadership just happened. It required a conscious process, where co-operative creativity was applied to construct business routines which take advantage of the co-operative set-up to make the business side of the co-operative more efficient.

These routines are different from those of 'normal' insurance companies. They presuppose a deep understanding of the co-operative specificity, and a will to make it work. In this case, these pre-conditions seem to have been located with the now-retired director of the co-operative; he worked out the essentials of the practical solutions which have made it possible for co-operative learning and business praxis to go hand-in-hand under present market conditions⁶. Various active members of the agricultural co-operatives in the area referred to this person as one of their teachers.

The other was a farmer with a long history as a leader of agricultural co-operatives. Both had a style of leadership which combined the ability to lead in action with the ability to communicate about the principles of action, and both were imbued with a sense of community. Interestingly enough, when asked about the background of this particular organizational set-up, one emphasized that he always looked for economically-efficient solutions. He did not see a contradiction between a co-operative system and economic efficiency.

The leadership in office at the time of the study was very conscious about leading the co-operative in a classical, orthodox way. The objective of the co-operative, as defined by the leadership, was to provide a satisfactory insurance service to the members. This meant good compensation in case of damage, low premiums and reliable calculations of the consequences of weather changes in order to avoid a sudden

decapitalization of the co-operative. Growth was perceived as something to be dealt with as more members joined the co-operative; it was considered to be positive, but not a goal in itself. The goal seemed rather to be a balanced economic system of service. Business-wise, the co-operative offered cheaper services, almost half the cost of those offered by other competing companies, including other co-operatives. As an insurance expert remarked when reading the case, "I see they have a perfect control on the factor of cheating".

Cultural Environment

The duration of this style of management is naturally enough not exclusively due to a combination of implicit learning of members, the attitudes of leadership, and the economic results. The environment, especially the social culture of the farmers, was an important conditioning factor of management praxis. There must be enough members willing to devote time and energy to the organization on a voluntary basis in damage evaluation and the other obligations of management carried out by the members. The educational effect of a business style that proved sufficiently efficient for the co-operative's needs contributed to such engagement. Not all the agricultural co-operatives within the same region could show a similar engagement, however. The analysed case functioned in cultural surroundings in which participation would not normally imply any radical break with the life experiences of the farmers/members outside the co-operative. As farm-

owners or tenants, they are used to running an enterprise. Moreover, the civic life of small towns in Argentina is characterized by quite a number of membership associations that provide social services and utilities to the area and are managed by the citizens themselves. For other types of co-operatives there might be a more conflicting relation between the surrounding social and cultural norms and those appropriate for a co-operatively functioning enterprise, as is the case of workers' co-operatives formed by ex-employees, as is happening these years in Argentina (Jakobsen 1995:128-30).

Conclusion

Co-operative education is often addressed in questions like, 'how can efficient co-operative education be provided to members and leaders?' or 'how can co-operative development be favoured through co-operative education?'. In other words, questions of the type that treat co-operative education as the independent variable, and its effects on the co-operative organization and on its members as the dependent variable. Studying this case, I was brought to 'turn the question upside down' and to focus on the educational effects for the members and their leadership of the actual associative management, and business practices in the co-operative enterprise. It has brought attention to what can be called implicit education in organizational efficiency and 'raison d'être'; in this case it is about the 'why' and 'how' of a co-operative organizational set-up. Hence the title of the paper "When business leads to co-operative development".

The model and concepts presented here are intended as guidelines for ongoing research. Such a model of learning has consequences, however, for the view of organizational life. It raises questions about the existence of space for possible 'sites of reflections' by the members of an organization. Do they occur at the individual level or is there a shared process? Are they legitimate activities or not? Are they time spaces which are paid for, or are they leisure activities? The recurrent situations in the life of a co-operative enterprise can be described as structural characteristics of the enterprise which may be quite formalized. But they are also practices of the particular co-operative which occur within the context of these structural characteristics.

Seen from the outside, many co-operatives show similar structural characteristics at first sight, not least because of their very basis in co-operative principles; but they may show important divergences and specificities when it comes to the role played by this structure in the practices of the members of the co-operative.

These specific characteristics may provide very different opportunities for co-operative learning. Business routines, understood as the practice of the enterprise, particularly the practice of leadership in management and governing bodies, intervene as the interpretative factor. One can say that structure sets the stage and may also determine who the interacting partners are; but without analysing the actual business culture, this will not be very informative on the educational outcome.

The implication of this applies to negative as well as to positive examples of co-operative development. It indicates that attention to the effect of such processes can give clues to why processes of co-operative development or degeneration persist in certain co-operatives in spite of conscious efforts of education and training. This study is not an

argument for not doing planned educational activities of more or lesser degrees of formality. It does indicate, however, one possible answer to why such education may prove inefficient. The reason for this may not entirely be of a pedagogical kind, it may relate to the non-intended educational effects of the daily learning.

Footnotes

¹ The paper draws on experiences from a larger study which includes data from other countries as well (Jakobsen 1993). The ideas of this article have been further elaborated in a paper presented at the ICA Co-operative Research Forum in Manchester, Sept. 1995, where an attempt is made to incorporate daily learning mechanisms, together with concepts of co-operative enterprise culture and development, into a learning model. Published in *Journal of Rural Co-operation*, vol. XXIII, no.2, 1995:119-150.

² I follow the theoretical tradition expressed in various ways by Desroches 1976, Vienney 1980, Laflamme 1981, Larrañaga 1981, Parnell 1992, Ellerman 1992.

³ Several universities in Argentina have offered studies leading to a degree as technician or graduate in co-operativism (Bahia Blanca, La Plata, Rosario, Cordoba). The candidates have mostly found employment within the agricultural or financial co-operative movement. Spain, France, Canada, and USA are other more recent examples.

⁴ Data were gathered during field work in Argentina from 1985-1986. A visit in 1991 showed that the general lines of leadership have continued, uninterrupted by the effects of economic difficulties of hyperinflation etc. The case is analysed in Jakobsen (1989a; 1989b).

⁵ A parallel to this way of reasoning has been formulated in the context of learning in the class-room where it is called the hidden curriculum by Philip W. Jackson (Borg and Bauer, 1986)

⁶ At the time of my revisit to the co-operative in 1991, plans for the design of computer programmes to fit their style of management were well on their way to be implemented. The co-operative had constructed time series of weather conditions, which were being computerized and used for risk calculation.

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The Dilemma of Co-operatives in Africa

by Calvin M. Kangara*

Introduction

Co-operatives offer an opportunity for local people to take development into their own hands and make it a meaningful concept at the local level. They have arisen too where the cost of adjustment to economic change has threatened to destroy communities, where local people needed power to control the pace and direction of change in order to preserve what they value.

Many co-operative practitioners and researchers have noted that "co-operatives in Africa are today a more powerful, diversified sector, not dominant in the economy as a whole but playing a critical role in smaller communities and in particular regions and industries than they were decades ago" (Fairbairn 1991). However it must be admitted that large numbers have been unsuccessful or at least have had serious problems. Cases of corruption in co-operatives make very attractive media stories and this has led to popular scepticism about co-operatives in many African countries.

The Dilemma

Researchers from the United Nations Research Institute for Social Development on co-operatives as agents of planned change (UNRISD) have found that on the whole, co-operatives, in Africa, have played a marginal role and failed to mobilise the peasantry towards the structural changes as aimed in most of their declarations. Instead of removing inequalities, co-operatives have widened the gap between the rich and the poor, hence the need to rethink their role and if necessary, to resort to more promising solutions.

Most co-operatives in Africa have failed for a number of reasons which have acted simultaneously. Most of the major problems were outlined during an international conference entitled "African women in co-operatives" held at the Institute for African Alternatives in England in September 1988.

Firstly, there has been an almost universal lack of resources even in countries which officially promote co-operatives and where some levels of success have been claimed, such as Mozambique and Ethiopia. The amount of resources devoted to their development is in fact very low compared to that given to other types of develop-

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ment, many of which have also not been overwhelmingly successful. In some countries like Uganda, Mozambique, and other parts of Southern Africa, there have been problems of war and external aggression which have led to instability and economic problems which have severely limited the resources available. The policies of organisations such as the International Monetary Fund (IMF) and the trend of globalization have been opposed to the development of co-operatives. Many countries in Africa have had to make drastic measures in reducing their expenditure, especially in the social sector, which is a key resource for co-operative development.

Secondly, many of the reasons for failure have been because of shortcomings in the state or non governmental administrations, the large-scale membership of many co-operatives, especially in East Africa, and also in the types of technology introduced. Neither of these problems have been unique to co-operative development. Co-operatives seem to be very problematic where they arise from state or other external agency advocacy of particular forms of internal organisation for doctrinal or ideological reasons. This is particularly the case when the benefits of co-operation are not clear to the participants, or in fact, do not exist. A major problem with co-operative development, as with much other development activity, has been the attempt by state and/or non governmental bureaucracies to impose structures, activities and technologies on target populations without sufficient consultation with or knowledge of

those populations and without sufficient knowledge of the specifics of their social, economic or market situations or their activities being promoted. There is also a tendency that results are expected too rapidly. With the current process of deofficialisation of large scale co-ops initiated by African governments, we are seeing (under artificial stimulus of the governments) co-ops growing in number, but often lacking in true and genuine co-operative spirit.

Levi (1986) echoes some of the sentiments above when he states that "Governments have abused co-operatives by having them serve as a system of control over the production and marketing of major cash crops. This has been the subject of repeated criticism of by students of co-operatives and development". He further argues that "the mere fact of marketing through a common organisation makes little impact on the social and economic situation of the average member. The weak bonds with the co-operative society which very soon becomes an affiliate to a large monopolistic structure lead the member to expect the co-op to provide him or her with financial benefit without any obligation on his or her part, apart from the delivery of produce". Weak commitment of members to their organisation and lack of understanding of its objectives have been found in a survey of East African co-operatives.

A recent study of the performance of cotton co-operatives in the Longo District of Uganda has shown their poor contribution to community growth

and member welfare. In the words of the author of the study, ".....this is due to the distortion of co-op goals as a result of systematic linkage with the government administrative machinery which has ensured the co-op monopsony power. Thus, instead of the co-op resources being devoted to promoting members' welfare and community growth, the alliance with the government bureaucracy has, to some extent, increased the siphoning off of some of the resources from the community and resulted in the diminution of the grower-members' knowledge of and control over the co-operative to their disadvantage". (Wanyande, 1987: 10-12). The marketing of pyrethrum in the 'one million hectare' scheme in Kenya serves as a similar example.

Discriminatory Policies

The social and economic inequality between social classes acts as a damper to people, especially women who have few means to join in co-operative ventures due to the fear of dominance, and even exploitation by the well-to-do. The poor are often deterred from joining such groups, moreover, due to discriminatory policies and practices which disqualify them from receiving the necessary inputs such as credit for farming or business. For instance, landed security forms the basis of determining the eligibility of the cultivators for loans in many countries in Africa. This basis not only discourages the small and poor from enrolling in co-ops, but in their absence tends to make such organisations the hotbed of vested interests. In rural communities in most parts of South Africa, the poor are further discouraged from partici-

pating in joint ventures due to the dominance of elitist elements which stem from the possession of land, money and authority. The prevalence of illiteracy and ignorance only aggravates this situation. As a result, this has led to the formation of a great many "pre-co-operative" organisations all over Africa. These do not generally have legal co-operative status but involve various forms of co-operative working and pooling of resources to meet the various needs of the poor. Many of these groups are flexible in their organisations and democratically run. They are mostly small scale and offer a low level of income or credit.

In Africa, co-operatives' power and wealth continue to flow to the business elite of the cities. The emphasis on profits and profitability has resulted in the growth of individualism. As rightly argued by most researchers and practitioners in co-operative development, within the profit-oriented model, it is assumed that individuals choose to invest in one region or another solely in order to maximise the direct financial return. The problem is that a reliance on individual behaviour can lead to the worsening of the economic well-being of whole communities. As capital flows out to more profitable locations, economic activity in the community declines, resulting in a downward spiral. Profits generated should be re-invested in order to provide better services, or a wider range of goods in the future. In Kenya, most coffee owners have continued to invest profits generated from coffee sales in the now most marketable construction industry in major urban centres in Kenya.

This has led to a high rate of unemployment amongst coffee growing communities leading in return to migration from rural to urban areas in the search of employment. This migration is threatening the social cohesion of these rural communities and may finally lead to their total destruction.

The Way Forward

In order for co-operatives to be effective, there is need for them to change their current institutional set-ups. This would enable them to respond to the current socio-economic problems they currently face as well as constraints caused by globalization. They need to adopt community-based approaches and root themselves in communities. Co-operatives detached from their community base are easy prey to administrative control and manipulation from within and from without the community. By this means co-operatives will gain legitimacy in the eyes of communities as well as attracting external support from banks and voluntary organisations. In order to strengthen the capacities of existing and emerging co-operative institutions, there is a need to develop alternative training geared towards genuine empowerment of local communities.

An effective response to the critical situation created by global markets and the changes and effects on the environment will, for two reasons, involve action at the local community level. Firstly, global changes undermine the ability and effectiveness of central governments to respond to socio-economic problems. As further

argued by Fairbairn (1991) "globalization means that local communities confront the world more and more directly, with less and less mediation or protection from higher levels of governments at least for the time being". "By default, it must be the community that acts", he concludes.

The second, and deeper reason why the response must come at the community level is that globalization is a paradigm that involves the reduction of the power of the communities. Community power is replaced, on one hand, by concentrations of power in transnational or powerful lobbies and, on the other hand, by consumerism, as individuals act alone in the big market and split away from their communities. Any response to globalization that stays within this paradigm of concentration and consumerism will fail to address the real problems Fairbairn (1991), Mustafa (1986), and Wanyande (1987). If people try to respond to globalization by calling on high level government to save them, they are abandoning their own power and responsibility. They will merely reinforce the causes of the problem.

Strategies to overcome these external forces include, firstly, the development of local industries which are more diverse, more environmentally sustainable, and have the support of the society. Again, within these limits, they must be efficient and well supported by infrastructures for education, information, and marketing. The farms and rural communities will have to be less agricultural, while urban communities will have to diversify their local indus-

tries. Communities will have to develop more locally-based businesses in every field. For rural communities, it will be convenient if the businesses are farming-related industries, if they add value to agricultural commodities, or if they manufacture goods for export, in other words, the kinds of endeavour that people generally think of as diversification. The primary goal, however, should be to allow people to stay in viable communities and have a higher quality of life. This goal is equally well served by new businesses in local services, retailing, health care, child care, or in other enterprise that local people will use.

Training should embrace both co-operative education and community development which takes in far more than just the economy. Community development involves processes of education and empowerment by which local people take control and responsibility for what used to be done for them. There are a number of elements of the community development paradigm that are important to understand and that relate directly to co-operatives. First, in relation to the definition of development, community development invariably requires people to learn to think in new ways, to question their assumptions and decide what is really essential to leading a meaningful life. Community development depends fundamentally on the greatest possible decentralisation of power, knowledge, control, and wealth. The local autonomy of democratic co-operatives is one example of this principle. Craig (1993) observes that "co-operatives are rooted in com-

munities and must respond to their members' and communities' interest". Local control over decision-making is a powerful attraction that draws people to support co-operatives. The participation of people in co-operatives can encourage individuals to think communally rather than in an individualistic manner. As noted by Craig (1993), the co-operative is often a centre where social activities occur that sustain the life of a community.

It is obvious that the scale of attempts to improve co-operatives in Africa at any particular time must be at least partly contingent on their actual or foreseeable contribution to the national economy. It is also true that the initial training and administrative input is high for co-operatives if one is dealing with underprivileged groups with few resources and little experience.

However this would be minimised if more of an attempt was made to build on the skills, technologies and co-operative networks already existing in societies in Africa and if attention was initially focused on situations where the benefits to participants of co-operation are most obvious. There are many possible organisational forms which would conform to the basic co-operative ideological principles. Changes in certain details of management and incentive systems could improve functioning.

In recent years, increased emphasis has been placed on procedures designed to expose targeted communities to the philosophy and practice of co-operation by encouraging them to combine

in loose co-operative organisations. This approach has two variations. The first is represented by cases where the promoters have adopted a formal procedure of observing and testing the motivation of local communities to join in a co-operative. This approach governs the procedure adopted by the Kaira District Co-operative Milk Producers' Union Ltd. in Anand, India for setting up primary co-operatives of milk producers at the village level. The efforts of the Anand dairy co-operative have organised nearly 140 model farms and encouraged visits of people from the different parts of the country to study and learn the Anand model. The demonstration of the gains and benefits of successful co-operative enterprises has usually proved influential in stimulating the formation of other co-ops.

The second variation consists of the adoption of formal and statutory procedures to encourage the organisation of communities in pre-co-operatives for a probationary period. As mentioned earlier a pre-co-operative is an intermediate form of organisation between a co-operative group and a registered co-operative society. Illustrative of this approach is the legislation adopted by the governments of Algeria, Cameroon, Dahomey, Ivory Coast, Niger, Togo and Mali. Generally, the legislation has two objectives: to acquaint the group with the formal and the informal working of a modern corporate enterprise like a co-operative; and to protect them from falling into the same mistakes as committed in the past. The numerous self-help groups in East Africa would provide an excel-

lent opportunity for home-grown community co-operatives.

In Mali, since the UDPM rule in 1979, rural co-operatives have been structured on the basis of the 'Ton villageois', a village association of a co-operative and mutualist nature which is freely joined by villagers. These are based on traditional structures of mutual assistance groups for work and festivals based on age groups. Among other things they are expected to ensure the marketing of cash crops, the provision of production inputs and consumer goods, and the organisation and administration of agricultural credit. There were 1200 'Ton' and other village associations in 1986. This number had almost doubled by 1994. Nearly 15 per cent of the population belong to co-operatives which handle the supply of foodstuffs and other consumer goods to the population, the marketing of agricultural produce, handicrafts, food crops, water supply and management, amongst other things. They have not been entirely successful but they have managed to improve the productivity and income for their community members in the region.

Through this initiative, a national movement consisting of grassroots co-operatives has been created (FEDEV). The movement is based on co-operative principles at all levels with the village organisations taking most of the decisions. The mini-assembly is rotated to provide opportunity for all the groups to participate and become familiar with the functioning of co-operatives. Financial support in develop-

ing the FEDEV movement is being provided from a number of international organisations including Christian Aid in the UK and US and Canadian funding sources.

There is also a need for a lot more research and discussion on what type of co-operatives structure is likely to be most successful in what type of situation and on the different type of worker incentive and management systems which have been evolved. Discussions should be extended to grass-roots communities and involve every institution and individual within the domain, such as politicians, community representatives, NGOs, and the private sector.

Community co-operatives should engage in product exchange strategies in regions where the economy seems to be failing, such as in Africa. In Uganda, two community-based co-operatives, one urban-based and the other rural-based, are undertaking such an initiative. The urban-based co-operative 'exports' gravel, a raw material used in construction, to the rural community. Gravel is very cheap and more abundant in urban areas than it is in rural areas of Uganda. In exchange the urban-based co-operative takes back banana fibre from the rural group which they use as raw material for their hand craft enterprise. Banana fibre is less available and too expensive in urban areas. The same truck belonging to the urban co-operative, which transports the gravel to the rural co-op, is used to transport the banana fibre back to the city. This way the two co-operatives are able to save more money on transpor-

tation as well as conserve energy as only one truck is used. Both community co-operatives have benefited greatly from this initiative, which has enabled them to access resources for which cash is not readily available in their communities. The rural group is able to construct affordable decent shelters for its members while the urban group has increased sales due to attractive prices for their banana fibre products. Currently a local non governmental agency in Uganda is assisting the community to develop an appropriate and fair "community exchange currency". The Ugandan government has lauded the product exchange strategy being undertaken by the two co-ops and has expressed an interest in providing advisory support.

The economic returns of co-operatives should be reinvested in developing new businesses and in community development programmes such as child care, primary health care, and literacy programmes, etc. This creates a potential social infrastructure for viable communities on which successful co-ops are based. It gives the co-ops legitimation in the eyes of the communities and authorities and improves their access to sources of external support. More action-oriented research should be undertaken, particularly on motivating factors, objectives and systems of these "pre-co-operatives" in Africa (Anyanwu 1988), in order to understand indigenous forms of co-operation. This may help to transform the co-operative movement in Africa. The problem of having state-sponsored, state-partnered and state-controlled co-operatives may not end unless the proc-

ess of deofficialisation of large-scale co-operatives fully involves the NGO sector and the target community. The process must sometimes be aggressive and radical through NGOs and target communities as most governments in Africa are reluctant to institute appropriate measures that allow an effective transformation of co-ops movements. In urban areas, very few community co-ops exist, the attractive market features of urban areas have attracted huge multinationals, especially in consumer industries. The establishment of processing and industrial units as well as housing and co-operative wholesaling and retailing entails heavy capital investment which the urban community finds difficult to mobilize. These features of urban areas, if tapped, can generate very strong and successful community co-ops, given the concentrated location of population and the huge market for consumer services.

Conclusion

I have discussed the dilemma of co-ops in Africa and how they can improve their approaches in the achievement of meaningful development for under-privileged communities. It is evident that the current operations of co-ops organisation in Africa have not been effective in their attempt to try and sup-

press the widening gap of inequalities between the different social and economic classes in Africa. Co-operatives in Africa are failing because they have continued to adopt traditional top-down bureaucracy state interference and detachment from communities.

In order to strengthen co-ops in Africa, a conscious effort must be made to deofficialize large-scale formal co-ops and link community development and co-ops. There is need for an increased role for voluntary organisation in support of community development activities. Community groups should be organised into co-operatives and provided with leadership training. Conscious efforts should be made in developing the transitional growth of co-ops from pre-co-operatives (informal) to co-operatives (formal). This provides an opportunity for community groups to understand the objectives and working of the co-operative before adopting an official co-operative structure. More appropriate training and education needs to be developed which is responsive to the current trend of globalization. This way co-operatives in Africa will be potential instruments for social and economic change for the under-privileged class, the main goals for co-operatives.

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Women in Co-operatives: A Canadian Perspective

by Dr. Lou Hammond Ketilson*

Aims of the Project

To address equitable representation in democratic and staff structures is right and proper in itself. It is also more than that. When co-operatives deal with issues that cluster around equity, they address questions that have to do with how co-operative organizations "do democracy", and how they do business. A study that addresses the status of women in co-operatives does not arrive at just a set of "women's issues" but rather at ways to think about a range of issues vital to co-operatives, their placement in the economy and the community. In other words, thinking about equity in democratic and management structures is one of a number of "ways in" to thinking about the relevance and effectiveness of co-operatives in general. It is also a way to begin considering barriers that affect all under-represented groups.

The research¹ described in this paper was conducted under the auspices of



the Centre for the Study of Co-operatives, University of Saskatchewan. The broad aim of the project was to uncover and document helps and hindrances women have encountered in their experience as elected officials and as employees in decision-making positions in Canadian co-operatives. This was accomplished through two methods, case studies and a survey.

Individuals in staff and elected positions in five co-operatives located in various regions of Canada participated in the case studies. The co-operatives included first tier or primary co-operatives as well as federations, associations or centrals. They were: Co-op Atlantic, Co-operative Housing Association of Ontario, Saskatchewan Wheat Pool, Calgary Co-operative As-

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sociation, and VanCity Savings and Credit Union. In addition, a survey of all members of the Canadian Co-operative Association (C.C.A.)², the C.C.A. itself, and each case study co-operative, was conducted to develop baseline data on women's participation as elected officials and employees.

Findings and Recommendations

The recommendations presented here are drawn from information gathered through the research project, which focused on uncovering helps and hindrances to women in decision-making positions. They suggest ways co-operative organizations can build on the successes and address the barriers the study identified.

Elected Group: Building on Positive Experiences

Various training grounds exist from which people later move to positions as delegates or board members. Participants emphasized several ways in which early experience, in organizations and in other aspects of their lives, equipped them for their positions. It allowed them to: develop a profile among the membership; see how others fulfil their leadership roles, and to envisage themselves in the same positions; prepare for the politics of elected bodies; and, become familiar with the organization, thus reducing the intimidation factor associated with holding an elected office.

- Communicate, through public documents and personal behaviour, recognition of the value and

relevance of previous experience, including experience traditionally associated with women's lives, which candidates bring to elected roles.

- Actively recruit members of under-represented groups to committees and to the board. Encourage preparation for elected roles through committee membership.
- Identify avenues for members to develop a visible profile, and encourage candidates from under-represented groups to take advantage of these. Examples are: committee positions; community projects and other special projects; member relations initiatives which link the organization more closely with under-represented groups.
- Support committee members in their roles by establishing terms of reference and by having past chairs orient new chairs to the job.

Elected officials draw support from knowing they are involved with an organization that works toward, or has the potential to work toward, goals that are consistent with their own.

- Through member orientation and communication, work to address members' perceptions of the organization overall. Be clear about the co-operative's profile—its services, its relevance.

Learning is a Bonus

The learning, both formal and informal, which accompanies the responsibility of elected office is not only a necessity which enables people to serve

properly; it is also a personal benefit. This learning ranges from financial management to leadership, confidence, and group dynamics.

- Publicize the opportunities an elected position presents for people to learn new skills and to broaden their networks.
- Offer training which deals not only with the specific organization, but which also places the organization within the larger co-operative and credit union movement as a whole.
- Clarify board and management roles through training, clear communication processes and terms of reference.

Sources of Support

There were many instances where women were not optimistic about the climate of support for women in their organizations as a whole, but most could identify key individuals on staff and on the board who recruit women and/or help to create a climate that supports women. Important support comes from personal contact with committed women and men who are active locally, regionally, and nationally in the co-operative movement, and from other women who introduce new board members to how things are done. Family members and employers are essential sources of support. Those who have less flexible work or family lives feel additional pressure.

- Show leadership at the senior level to create a climate of support for women in leadership positions. Recognize that the more women employees who are in decision-

making positions, the more there will be a climate that encourages women to seek election.

- When child care or elder care is necessary in order for a board member to attend meetings or training events, cover expenses.

Elected Group: Addressing Existing Barriers

Anxiety surrounds running for and holding office. Elections can be grueling political contests, and the information members have on which to base their choice in large co-operatives is thin. Elections tend to favour incumbents. Once a board member is elected, there can be a negative change in the way people treat her or him. A "we/they" division often develops between board and membership.

- Improve the democratic climate of the organization through meaningful consultation processes which allow all members to bring their views to the board and membership for consideration.
- Institute regular reviews (interviews with members and elected officials, hearings, avenues for anonymous registration of concern) to continually monitor and evaluate the organization's political climate in light of the following questions:
 - Do the actions of the board and staff, and do member orientation programs, work to eliminate division between the board and members?

- Does the board, and do committees, reflect the constituency the board hopes to serve? Does the organization define its constituency as one that reflects the diversity of the Canadian population?

Negative Climate

Co-operative leaders need to ask whether their board and delegate body create a climate that turns away women or members of other under-represented groups. Signs of a negative climate experienced by women in this study include: exclusion of women from more prestigious committees or offices on the board; perception among board members that the recording role is appropriately filled by a woman; resistance to gender neutral language; the assumption that the lone woman at the table represents "all women."

- Establish a clear policy to deal with instances of sexual harassment in the democratic structure. Communicate the policy clearly to all elected officials and staff.
- Incorporate discussion of climate issues and material about differential treatment of women into board training programs. Include discussion of the importance to the board of people with varied backgrounds and leadership styles.
- Adopt a communications policy which includes guidelines on the use of inclusive language and non-sexist communication.
- Institute regular reviews (interviews with members and elected officials, hearings, avenues for

anonymous registration of concern) to continually monitor and evaluate the climate for elected officials in light of the following questions:

- Are women, by design, tradition, or perception of their level of capability, excluded from certain offices on the board? Are they expected to fill gender-stereotyped roles on the board?
- Do women on the board need to work harder to establish their credibility than men do?

Weight of Responsibility

The stresses of elected office include divisive issues, legal responsibility, unclear roles, physical fatigue and time pressure. Co-operatives can help both women and men who are elected officials meet responsibilities to their families and communities with policies that make commitment to the co-operative possible.

For women, the stress of an elected position can be compounded by the loneliness of being the only woman or one of few women in that position, and by the sense of being marked as different because they sound different, look different and dress differently from their male counterparts. To be seen as different is to be more closely watched. Some research participants were keenly aware of having to prove their credibility to an extent that was not required of their male colleagues.

- Conduct exit interviews with female board members to learn of barriers they encountered or supports that were particularly helpful to them.

- Ensure elected roles are characterized by reasonable work loads and flexibility, such that people who have family responsibilities and people who work in jobs with low flexibility can participate.
- Assist employees to identify opportunities to take on new challenges and expand the scope of their positions; and
- Support employees in meeting these new challenges with appropriate training, release time, teamwork and resources.

Employee Group: Building on Positive Experiences

Attitudes of co-workers and management affect both the daily experience and the long-term success of female employees. A climate that accepts women in decision-making positions comes about only with commitment from senior management. Research participants gave examples of how acceptance, encouragement, a sense of belonging, and flexibility in hours create a supportive climate.

- Senior management must demonstrate a clear and articulate commitment to addressing barriers to all under-represented groups through practice and policy.
- Allow flexibility in determining hours of work.

Encouragement and Recognition

Research participants recognized the role that supportive managers and supervisors played, either through direct encouragement or through seeing their potential and giving them the opportunity to take on challenges and show initiative.

Encouragement and recognition is a responsibility of management and supervisory staff, who should:

- Demonstrate confidence in women employees;

Models and Mentors

It is important for women to see other women in senior roles from an early stage in their careers. Mentorship often occurs informally. A formal mentorship program creates opportunities for a greater number of female employees to take advantage of mentor relationships.

Organisations should facilitate mentor relationships in one or more of the following ways:

- Establish, or provide access to, training which helps employees to choose mentors and to be effective mentors;
- Establish panels of senior employees with whom other employees can meet and from whom they can learn as a group;
- Match new women employees with senior women employees in mentor pairs.

Opportunity

Clear promotion procedures should be coupled with enough flexibility that employees with initiative have room to expand their jobs. A visible path to promotion lowers the chance that informal mechanisms that disadvantage some groups will continue to operate.

Flexibility is important, since some jobs evolve during a person's tenure as the organization grows, affording the incumbent the opportunity to grow with the job.

- Ensure open recruitment channels for women to pursue non-traditional jobs. Establish appropriate guidelines for advertising jobs and conducting interviews.
- Establish training across functional areas to desegregate primarily male and primarily female career paths.

Training

Research participants emphasized that employees need information about opportunity and eligibility for training. People cannot self-identify for development programs if they are not aware of the possibilities. Opportunities for cross-training on the job in a variety of work areas, with release time to take advantage of such training, have been crucial for some research participants. Decisions about training should not be in the hands of supervisors alone.

- Publicize training possibilities to all staff so they can self-identify for opportunities.
- Go beyond granting the opportunity to self-identify for training. Encouragement is important.
- Establish training opportunities for part-time staff.
- Facilitate access to training events outside the organization, such as "Women in Management" seminars, where women can share concerns and approaches with other women.

Existing Barriers

Negative Climate

One woman noted that, especially in her field, which is a non-traditional area for women, a woman has to be especially tenacious in establishing her credibility.

By virtue of being part of what is still a relatively new phenomenon, a woman in senior management is inevitably visible in a way her male peers are not.

Some women feel strong resistance when they raise questions about sexism, sexual harassment, and gender-neutral language. This resistance pressures them to curb the extent to which they speak out. Others find their work styles do not fit with hierarchical, bureaucratic structures and adverse approaches to labour relations.

- Establish a clear policy to deal with instances of sexual harassment. Communicate the policy clearly to all elected officials and staff.
- Institute regular reviews (interviews with employees, hearings, avenues for anonymous registration of concern) to continually monitor and evaluate the organizational climate in light of the following questions:
 - Do employee groups at all levels reflect the constituency the organization hopes to serve? Does the organization define its constituency as one that reflects the diversity among the Canadian population? Is it normal, not exceptional, to see women in leadership positions?

- Are provisions such as flexible hours and cross-training available consistently throughout the organization, or only in areas where supervisors support change?

Unclear Career Paths

Since experience across a variety of work areas is increasingly seen as a prerequisite for promotion, opportunity to train across functional areas is crucial. At the same time, inherited assumptions about the set of skills required for promotion to a particular position should be examined. When criteria are re-thought to ensure that the appropriate set of skills, properly weighted, are the basis for assessment, the result may be an expanded or different pool of candidates for promotion.

- Monitor differences in wages between areas where women achieve management positions and areas where they do not, to determine if management positions held by women are less valued.
- Assess prerequisites for promotion to specific positions to determine areas where the organization is limiting itself to a male-only pool of candidates for promotion.

Juggling Work and Home

The increased stress and work load that accompany promotion lead to a two-dimensional struggle for balance. One challenge is to juggle the commitments within the job; the other is to balance the job with life outside the office.

Given heavy work loads and the still-strong societal pattern that leaves women bearing the greater share of domestic work and child and elder care, senior positions can become unmanageable for some. As responsibilities in the home come to be shared more equally, policies which accommodate workers' multiple responsibilities will aid both women and men.

At the same time, such policies can increase the likelihood that men will take on a larger share of the domestic load.

Audit the organization's effect on health, family and community:

- Are work loads such that all employees can achieve a reasonable balance between work, personal life, and responsibilities to family and community?

The Role of Larger Co-ops

It would be naive to assume that change across the co-operative system will occur without leadership from the system's largest and most influential organizations. Larger organizations, particularly second and third tier co-operatives, have the opportunity to encourage and support meaningful, sustainable equity initiatives.

In order to encourage co-operatives that may be unwilling or unable to undertake equity initiatives in isolation, second and third tier co-operatives should show leadership in initiating efforts and in encouraging and supporting efforts made by co-operatives to address equity for under-repre-

sented groups in management, staff and democratic bodies. Examples are: provide staff and/or speakers; sponsor workshops; train workshop facilitators; ensure that issues related to equity for under-represented groups appear on agendas at conferences where co-op representatives meet.

Concluding Remarks

This report presents recommendations based on primary research with a

group of case studies in various regions of Canada. With the exception of Co-op Atlantic, the cases represent primarily English-speaking Canada. Canadian co-operatives are now in a position to benefit from a synthesis of their own research with guidelines developed by various human rights bodies, and research by large employers, including universities across Canada.³

Footnotes

- ¹ A complete copy of this study is available from the Centre for the Study of Co-operatives, University of Saskatchewan, Saskatoon, Saskatchewan, Canada S7N 5B8, under the title "Research for Action: Women in Co-operatives" by Leona Theis and Lou Hammond Ketilson.
 - ² CCA is the national association of English-speaking co-operative organizations in Canada. CCA members include regional and provincial, co-operative and credit union organizations owned, in turn, by autonomous local co-operatives and credit unions. Members include organizations in agriculture and fisheries, consumer and supply, financial, and service sectors. The national organization runs programs and activities in the following areas: education; government affairs; research and policy formation; co-operative formation; and, information distribution.
 - ³ See, for example, *Reinventing Our Legacy*. Saskatoon: University of Saskatchewan, 1993.
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Development Perspectives of the Movement in Poland

by Marian G. Brodzinski*

The Need for Change

The on-going transformation of the political and economic system, which started in Poland in 1989 with the collapse of the communist system and the centrally planned economy, requires a deep transformation of the co-operative movement. The main guiding rule of such transformation is the full adaptation of co-operatives to the conditions and requirements of the emerging market economy.

The Polish co-operative movement developed in close connection with the fundamental ideological trends of the world co-operative movement with its 150-years historical experience. There coexisted in Poland co-operatives founded by the adherents of social-democratic doctrines who followed the Rochdale model, co-ops founded by the advocates of liberal theories who organized societies according to the model of H. Schulze-Delitzsch, and others founded by the followers of christian socialist ideas, which were similar to the Raiffeisen movement. In 1937, the total number of co-operatives

in Poland was 12,860 with 3,016 thousand members - the majority (42.9%) were savings and loan societies, followed by agricultural co-ops (23.1%), dairy co-ops (14.0%), farmers' marketing co-operatives (3,2%) and housing co-ops (2.0%).

The post-war period of the "real socialism" brought about the total subordination of the co-operative movement - as it did of the whole social and economic life in the country - to the communist party and state control. This led the co-operatives - notwithstanding the great economic growth of the movement (at the end of the communist era co-operatives had 7% of GNP, 62% of consumers' goods sales, 56% of agriculture products marketing, 43% of housing resources in towns and accounted for 16% of total employment.) - to lose their identity and their credibility in the public eye. During this era, the movement dealt too much in politics, and too little in economics, ethics and self-management.

A Relic of the Stalin Era?

After 1989, when the political and economical reforms were initiated, public opinion as well as most of the "post-solidarity" authorities and political parties no longer perceived the co-op-

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erative movement as an efficient tool of social and economic development at the local level. On the contrary, the movement was treated a relic of the Stalin era. Together with market conditions highly unfavourable for co-operatives, this brought about a deep regression of co-operative activity in all sectors.

As discussed at the first nation-wide co-operative congress in June 1995 in Warsaw, it is crucial for the co-operative movement to adapt new forward-looking strategies reaching ahead to the year 2000 and even 2020. Such strategies should stop the regression, renew the valuable achievements of the movement and adjust its forms and methods to the conditions of the market economy, enabling them to develop according to the country's social and industrial needs. Some of the basic premises for that strategy, resulting from a nation-wide debate (among co-operators and researchers including representatives of the Co-operative Research Institute in Warsaw) is discussed below:

Modernizing the Movement

The main condition for the convalescence of the movement is an exact description of goals linked to economic and social efficiency. This requires the modernization of the ideological premises of the movement. The former communist theory of co-operatives as a factor for building a new system according to the collective theory must be rejected. The real meaning of co-operation is service to the interests of members, mutual help, mutual responsibility, quality, justice, honesty

and democracy. According to the ideology of mutual help and co-operation, co-operatives must give to their members and in many cases to the community some well-defined direct and indirect profits.

The direct benefits are expressed in:

- Better and cheaper range of goods and services,
- Better and more profitable marketing of products made in members' enterprises,
- Strength in the market place due to bulk buying at lower prices and more profitable supply conditions,
- Efficient gathering of scattered capitals leading them to the local needs,
- Good knowledge of local markets, due to their close relationship with their members,
- More possibilities of overseas trade through apex federations and co-operative unions.
- The introduction of up-to-date techniques in production methods and introduction of education programmes to keep the employees and members abreast of technological progress. In this area, it would be beneficial if our co-operatives could learn from the movement's experiences from all over the world.

The indirect benefits from the influence which co-operatives have on other enterprises which are obliged to keep prices low and offer a good range of quality products in order to compete with the co-operatives.

The new perception of the ideological principles of the movement as well as its direct and indirect benefits should be widely promoted among members and the general public. It is worth remembering the words Charles Gide uttered almost a hundred years ago: "a co-operative society which is only an enterprise is a poor enterprise".

Organized attention should be given to the rebirth and development of the co-operative societies in all traditional fields of co-operative activity, bearing in mind that market economy is based on the pluralism of legal forms, i.e., there could also exist private and state enterprises or those managed by local authorities. The co-operative movement should - within this pluralism - effectively fulfil the role of a moderator of this spontaneously active market.

New Target Groups

In a modern society there is also a need for organizing co-ops in new fields and scopes of activities, especially in areas such as social and insurance services, where the protecting activities of the state are limited. The need for new co-operative forms is particularly visible within the restructurization taking place in the countryside, where multi-purpose co-ops could fulfil a wide range of economic and social needs including social care, cheap housing, local production services, and some spheres of agrarian production. In our movement, these unconventional forms of collective activity are underestimated, and the new Co-operative Law overlooks them completely.

Traditionally the co-operative movement organized mainly economically-weaker social groups. Nowadays the movement should also serve the interests of the middle classes. The universality of the co-operative movement justifies its development in an urban as well as a rural environment.

But, as co-operators know very well, no social-professional group is so vividly and thoroughly interested in the functioning of the co-operative movement as farmers. Farmers are interested as customers, as producers (production supply, production services, introduction of new technologies and market information), as sellers of agricultural produce, as investors (extending the productive potential of their farms and undertaking extra-agrarian economic activity), and as savers and borrowers as well. The development of the co-operative movement among farmers is a historical answer to their weak status on the market.

The Social Role

A second social group which is particularly interested in the sound functioning of co-operatives consists of disabled and handicapped people.

Without losing sight of other social groups, it is necessary - in the process of renewal and restructurization of the co-operative movement - to give close attention to the problems of these two groups. Additionally important, from a social point of view, would be the role co-ops could play in assisting groups endangered by structural unemployment.

In many cases co-operatives have lost their traditional character. Having preserved their legal status, they changed de facto from mass consumers' societies to companies belonging to elite social groups, very often having the character of a coterie. It is especially relevant to some farmers' and urban consumers' societies. The most common method used for such changes was to raise the shares to a level which could not be accepted by most members. It is urgent to explore, with the use of auditing authorities, the actual course of these changes and wherever it is socially justified, to try to restore to these societies the character of universal users' and consumers' co-ops.

Similar threats may result from a too narrow interpretation of Article 3 of the new Co-operative Law which states that "the assets of the co-op are the private property of its members". It is an urgent task to find ways to prevent possible corrupt practices which are contradictory to the rule of justice and inhibit solidarity between generations.

In the countries of a well developed economy two features are dominant in the actual development trends of co-operatives. These are the tendency towards specialization - and within this specialization - a tendency towards centralization. These tendencies require urgent observation and exploration. Popularizing particular structures of co-operatives as specifically rational, it would be advisable to accept also different forms which are better adjusted to local needs and conditions. Either way, the need of association in the form of co-operative unions seems

to be undisputed. The rebirth, development and popularization of auditing-patronal and economic associations, especially bank associations, is an important and urgent task. We do not know any cases of truly effective co-operative movements without such indirect forms of concentration, having an ancillary character in relation to co-operatives.

The Need for Autonomy

The 7th Principle approved by the last ICA Centennial Congress in Manchester states "Co-operatives work for the sustainable development of their communities through policies approved by their members". Such a rule defines a bilateral relationship between the co-operative movement in a democratic country and a local government within a market economy. A decisive rule here is the Principle of Autonomy and Independence, which should be respected, bearing in mind that it is nevertheless indispensable for both parties to co-operate.

The state and local government should guarantee the necessary conditions for co-operatives to develop on an equal level with other types of enterprises. Moreover, they should consider using co-operative enterprises in socio-economic activities which require public confidence and direct contact with society at large.

Aid without Dependence

Co-operatives have the right to expect help from the State in the form of anti-debt actions. These actions are not to be regarded as a privilege, but must be performed as a justified activity and

compensation. Co-operatives have fallen into the so-called "crédit trap", through no fault of their own. At the time of the centrally-planned economy they had to take credits in order to finance the plans imposed on them. Then, when the socio-economic changes occurred, credit contracts were unilaterally broken without the fault or will of the co-operative.

The fundamental condition for fulfilling tasks towards members and the whole society is a constant achievement of full economic effectiveness. This cannot be achieved unless the co-operative enterprises acquire such forms of modern business as marketing, controlling, management, and capital formation. Thus, we can widen Charles Gide's principle mentioned earlier and state that "a co-operative which is not a good, skilful and effective enterprise is a faulty co-operative".

Stressing pragmatic action and the entrepreneurial idea is fundamental, but the importance of social and educational activities should not be neglected. These should be continued wherever the proper conditions and real social needs exist, especially the pupils' co-operatives and labour centres for women. In other cases co-operatives should at least support the socio-educational activity undertaken by other social organizations and local governments.

Image Building

In order to restore the confidence and acceptance of the co-operatives by their members it is also necessary to

improve the image of the co-operatives in the perception of the whole society and its local structures, particularly by popularizing knowledge about the material and social values of the movement, its tradition and achievements. This should be undertaken by co-operative publishers as well as by other mass media.

It is necessary to include co-operative issues in educational and training programs, especially in agro-economic schools and colleges. It is also necessary to intensify the collaboration of the co-operative movement with relevant political organizations and parties as well as with social organizations (youth, women's, trade unions etc.).

Public relations should be developed to win the acceptance of public opinion and to form positive attitudes towards the movement.

The wide range of innovation procedures our movement should implement necessitates constant improvement of professional staff and persons actively engaged in co-operative work. This aim will not be fulfilled unless training and research institutions are developed and adequate training programmes and methods of supplementing professional qualifications are implemented. The professional qualifications of co-operative managers should be discussed and shaped according to changing needs.

Summary

It is evident from the issues discussed above that the main direction of the renewal strategy and development of

the Polish co-operative movement comprises the following:

- Efforts to stop the processes which may lead to the fall of existing co-operatives;
- Amendment of the ideology of the movement to emphasize the importance of fulfilling members' needs and ensuring that co-operatives have a leading role in the pluralistic market;
- Traditional fields and activities of co-operatives should not be neglected at the same time as new directions are created;
- The relationship between town and countryside; special stress should be put upon agriculture, handicapped persons and groups of the population especially endangered by structural unemployment;
- The character of mass users' or consumers' societies should be restored to specific co-operatives;
- The rational structures of co-operatives should be shaped in the direction of specialization and concentration;
- Co-operative auditing-patronage unions, economic and financial consortia and other capital associations of co-operatives should be developed and strengthened;
- The economic effectiveness of co-operatives should be improved through modern management techniques and active financial policies;
- The socio-educational activities should be developed and modernized;

- The general social confidence towards the co-operative movement should be reinforced through the use of traditional and modern public relations techniques;
- The movement should collaborate with the State or local governments while preserving its full autonomy;
- Collaboration should be intensified with other political and social movements;
- Co-operative staff should receive professional and social education and training;
- A suitable research-development basis should be secured for the global movement and for its specific branches.

The National Co-operative Council, the co-operative unions and other organizations interested in the movement are confronted with a great number of urgent tasks requiring strategic activities, i.e. activities which are consequent and stable over a period of several years. A significant moral support in this activity may be that innovative ideas and activities are surfacing in grassroots level societies, local communities and among organizations which had not previously been interested in the co-op movement, for example the Catholic Church hierarchy.

The brilliant statement of Romuald Mielczarski, one of the Polish consumer co-op pioneers, that "the work in co-operatives is not a work on people or for the people but the work performed by the people themselves" has not lost its significance in today's world.

Repositioning the Registrar of Co-op Societies in South Asia

by Krishan K. Taimni*

The institution of the Registrar of Co-operative Societies in South Asia (Bangladesh, India, Pakistan and Sri Lanka) is over 90 years old; it has passed through several momentous phases of political, social and economic change, and has survived, gained strength and made considerable contribution, particularly to state-induced change processes. What bestowed a unique role and position on this institution was the character of the State - its underlying purpose of governance, its approach to resolving social and economic issues and its perception of its own place and position vis-à-vis the civil society.

After the countries in the region attained independence, the prime concern of the new governments was with national consolidation, rural reconstruction, and economic development. Co-operatives, combining as they did some degree of popular participation

and government control under the foreign rulers were perceived to be ideally suited to become effective instruments for implementing government development plans and policies. The role and place of the Registrar of Co-operative Societies thus came to be re-defined; partly through enactments of new legislation governing co-operatives and partly by virtually co-opting co-operatives into the new state supported and sponsored institutional structures of development ministries, para-statal and co-operatives.

In this milieu, the effectiveness of the Registrar of Co-operative Societies was measured in terms of his or her ability to "harness" co-operatives as instruments of government policies. And that has remained the case, despite all talks of deofficialisation and democratic control in co-operatives and the sanctity of the Co-operative Principles. The positioning of the Registrar in such a scheme was politically determined and functionally related to the role accorded to co-operatives in the overall development plans of the country.

The new, emerging context, with its emphasis on privatization, liberalization and market-orientation, will be vastly different for co-operatives. It threatens to knock down the base on

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which present-day co-operatives stand, but also to provide new opportunities for co-operatives. The repositioning of the Registrar, which has become inevitable due to the new, emerging context, should ensure that present-day state-controlled co-operatives can make the transition to genuine, member-controlled co-operatives.

Options in Repositioning

The following points need to be considered before determining the new positioning of the Registrar in the countries under study.

Government Involvement

Governments in the Asian Continent have always been closely involved with co-operatives, had a policy for their development and growth and special arrangements to provide capital and credit to them. A host of unstated nationalistic and political considerations and compelling social reasons have positively influenced the governments towards co-operatives. The support and assistance that governments in Asia have long provided to co-operatives are deep-rooted, eclectic and intricately woven into the political fabric of the countries in the region.

Accordingly, two aspects of co-operatives in Asia will always remain valid, irrespective of the trajectory these might take on in the future: close involvement of the government in the "development" of co-operatives; and the assured flow of capital and assistance from government to at least some types of co-operatives.

Role of the Apex Co-ops

The one issue in co-operative development on which there has been near-unanimity is that co-operative federations should eventually assume the responsibility for performing all promotional and developmental functions for their affiliated primaries. The role of registrar could thus be down-scaled; and an integrated, self-sustaining co-operative structure developed. Two factors have retarded this process: reluctance on the part of the registrar to transfer the supervisory, developmental and promotional role to the federations; and highly artificial relations, which are devoid of any mutual stakes in each others' performance between the federations and their affiliated units; lack of mutual interdependence, and the absence of any real possibility for primaries to control their apex organisations.

Co-operative integration - achieving integration between the different tiers in the vertical structure of a co-operative - has been a subject of debate and discussion in international circles for a number of years. Yet no clear framework is available to attain this goal.

Repositioning of the Registrar

At present, the Registrar plays the following major roles:

- Statutory (external to co-ops)
- Statutory (internal to co-ops)
- Promotional
- Developmental
- Auditing
- Liaison

Statutory (external to co-ops)

The statutory role can be described on a continuum; of which one extreme is the position as in the Peoples' Republic of China. Here there is no specific co-operative law, only some administrative orders which govern co-operatives. The Registrar, or his equivalent in the government hierarchy, virtually manages agricultural as well as supply and marketing co-operatives.

Since China does not have any specific co-operative law, co-operatives are established, and in turn, operate according to rules and regulations drawn up by the respective government agencies. These agencies draw up bye-laws, internal rules and regulations, personnel policies, and accounting procedures. The concerned ministries provide guidance in implementing government policies. Commenting on the experiences of co-operatives in China, a Chinese scholar had this remark to make:

"A co-operative (in China) has no clear identity of its own vis-à-vis state-run enterprises or any other general enterprises of collective ownership, it is attached to government administration, operates in the light of governmental regulations, and has no independence ... In order to carry out Co-operative Reform, a Co-operative Law must be enacted as soon as possible, so that the proprietary rights of co-operatives are recognized and safeguarded".

On the other extreme is the position, as in the Philippines, where the Co-operative Code specifically forbids staff of the Co-operative Department

from interfering with the internal affairs of the co-operatives.

The Co-operative Code of the Philippines, which states:

Article 2. Declaration of Policy

It is the declared policy of the State to foster the creation and growth of co-operatives as a practical vehicle for promoting self-reliance and harnessing people power towards the attainment of economic development and social justice. The State shall encourage the private sector to undertake the actual formation and organization of co-operatives and shall create an atmosphere that is conducive to their growth and development.

Toward this end, the Government and all its branches, ... shall ensure the provision of technical guidance, financial assistance and their services to enable said co-operatives to evolve into viable and responsive economic enterprises and thereby bring about a strong co-operative movement that is free from any conditions that might infringe upon the autonomy or organizational integrity of co-operatives.

Further, the State recognizes the principle of subsidiarity under which the co-operative sector will initiate and regulate within its own ranks the promotion and organization, training and research, audit and support services relating to co-operatives with government assistance, where necessary.

The conclusions arrived by some co-operators in an ILO-sponsored Colloquium on the Relationship be-

tween the State and Co-operatives in co-operative legislation are worth noting. While one school of thought held the view:

“Many consider co-operatives as being private business organizations of mature citizens, which have to work on their own with the chance to either succeed or fail. The advocates of this approach see state control over co-operatives not only as unnecessary, but as detrimental. They argue that for decades state control has been misused for administrative or political purpose, that it is expensive and largely ineffective and does more harm than good. Accordingly, extensive government services for supervising co-operatives (like co-operative departments) should be abolished (as has been done during the last few years, for instance, in Senegal and Cameroon) and replaced by simple registration services, leaving promotional and auditing work to co-operative organizations or NGOs, and disputes to be ultimately settled in court.”

The other school of thought held: “Some form of state control will be necessary for some time but such control should be temporary, digressive and self-liquidating; i.e. it should be transferred to co-operative organizations after a period of gradual, strategic withdrawal of government from co-operative affairs. It is argued that an abrupt change from maximum control to maximum liberty would have negative effects and that planned and phased transfer of tasks combined with efforts to build up co-operative institutions would be better ...”

This latter view approximated the reality of the South Asian countries under study.

Within this continuum, the present position of the Registrar in South Asia is closer to the Chinese than the one in the Philippines. This position ought now to move and come closer to the position prevailing in the Philippines. The statutory role assigned to the Registrar in the draft Multi-State Co-operative Societies Act of 1991 in India provides a good basis for crafting a more balanced and desirable role for the Registrar, keeping in view the needs and expectations of co-operatives. The draft Law restricts the powers of the Registrar, besides the general administration of the Co-operative Law, to the following:

- Registration.
- Receiving of Returns/Reports including Audit Reports, Annual Reports, Information on election to Boards of Directors, etc.
- Holding of inquiry.
- Dissolution on request or on its own violation, and the appointment of liquidators.

These powers of the Registrar should prove to be adequate to ensure public good, and at the same time, provide enough flexibility to co-operatives to become and remain autonomous in the new environments.

Statutory (internal to co-ops)

There were three functions of the Registrar - all pervading, ubiquitous and bordering on intrusion into the inter-

nal affairs of co-operatives - that vitiated the climate for co-operatives, particularly at the primary level. These were supervision, inspection and audit. All were bestowed on the registrar with noble intent, but all provided opportunities for the minor field-level co-operative department officials to play havoc with the co-operatives. At times, unwary co-operative leaders, staff and members have been deprived of their rights by such officials on the pretext of effective supervision and inspection. These functions had also been utilized to exploit co-operative staff and leaders and cajole them to "entertain" inspecting officials. As was brought out during field studies, most officials of the co-operative departments were not really that qualified and equipped to guide, supervise and inspect co-operatives; nor indeed was there any need for such "help" from the department. Members, their leaders, federal co-operatives and NGOs (which should hopefully step in once the space is vacated by the inspectors of the co-operative department) could be trusted to perform all such functions with more sincerity and devotion.

Among the statutory powers of the Registrar of Co-operative Societies that impinge on the internal working of the co-operatives in the four countries in South Asia, the following were generally identified to be those that most violate the spirit of autonomy and self-governance:

- Powers to order compulsory amendment of bye-laws, amalgamate and divide co-operatives;
- Powers of veto of government nominee;

- Powers to rescind/annul resolution of a board of directors of a co-operative;
- Powers to supersede elected Boards of directors of a co-operative;
- Powers to issue directive to co-operatives;
- Powers to put restriction on the term of office of the office-bearers of a co-operative;
- Powers to impose restrictions on holding office in a number of co-operatives simultaneously; and
- Powers to resolve internal disputes.

Three major reasons could be discerned for including the above restrictive features in the relevant co-operative legislation. These were: curb vested interests; protect government financial interests in co-operatives; ensure uniformity in the implementation of public policies/programmes. Underlying these considerations was the paradigm of the time - co-operatives as instruments of the government must not be only funded and supported but also closely controlled and "managed". It is however widely believed that the above steps taken by governments proved to be clumsy, misplaced and, in the long run, completely dysfunctional.

It would be thus appropriate that in the new environments all those aspects of the statutory role of the Registrar of Co-operative Societies that touch (eg. resolving disputes) and/or impinge directly or indirectly on the imperatives of self-governance, management,

and internal working and operations of co-operatives must be eliminated. The second step that the governments in the region should seriously consider is to effectively de-bureaucratize the position of the Registrar and Co-operative Department. Here again, some lessons can be derived from the experience of the Philippines. In fact, the recommendations made by the Committee on Model Co-operative Law by the Indian Planning Commission in 1991, already provides a good starting point. The Committee recommended:

Appointment of the Registrar

1. The state government may appoint a registrar and other officers as it thinks necessary for the registration of co-operatives under this Act and for such other functions as specified under this Act.
2. Only such persons may be appointed as registrar as have:
 - a. served as a senior officer of the government for at least 3 years in the co-operative department; or
 - b. served as chief executive for at least 3 years in any co-operative; or
 - c. held a senior position or faculty position for at least 3 years in any co-operative promotional body or academic institution dealing with co-operation.
3. The term of office of a registrar shall be at least three years.

There is a dire and pressing need to turn the widely-perceived role of the

Registrar from that of a regulator to that of a facilitator. The appointment of a non-official as the Registrar can help change this perception. The Registrar must come to be seen in the new environments as an authority that intervenes, and intervenes with full force, but only when a serious lapse has occurred, or a real wrong is detected or gross violation of the law is observed. Otherwise, co-operatives are free to chart their future in the best interests of their members and as well as their elected representatives are capable of. This scenario, of course, includes the possibility that some co-operatives would collapse and wither away on account of losses, inefficiency or sheer mismanagement.

Other Roles

The Registrar plays four types of other roles, namely: promotion; development; auditing of co-operatives; and liaison with other agencies of the government. In so far as promotion is concerned, he helps create opportunities for the expansion of co-operatives by influencing public policies; organizing new co-operatives; and preparing, appraising and recommending projects on behalf of co-operatives.

The promotional role of the Registrar should be supportive of and subordinate to the roles of the NGOs, apex co-operative organisations, district central co-operative banks and other financing and development agencies. The district co-operative banks should take the promotional role in respect of such co-ops which still do not have an apex or federation of their own.

The major developmental roles played by the Registrar in the four countries under study included: training of staff; education of members and committee members; provision of information; and deputing government officers to man senior managerial positions. Similarly, the registrar liaised with other departments/agencies of the government in order to seek support, assistance, concessions and even business for co-operatives.

In the new environments, the co-operative should not expect the registrar to play any of the above roles, nor should the registrar venture in to any of the above areas. The impact of the registrar's role in the past has been dismal in many of these areas; and in the new context co-ops cannot possibly strive for self-reliance while depending on the registrar for staff training and the education of their members. Thus no developmental role is envisaged for the registrar in the new context.

It was stated during the field studies that auditing should be separated from co-operative administration; it was also admitted that government auditors were not always fully and professionally qualified to audit large complicated co-operative enterprises. It was also conceded that the volume of work was too large for the government to ensure the regular auditing of all the co-operatives under their charge. Privatization was suggested, but given the low-paying capacity of co-opera-

tives, there was serious doubt that any qualified private auditor would be interested in taking up the audit of small co-operatives. It was in this context that co-operative federations and district central co-operative banks should play a more significant role in ensuring that all co-operatives are regularly, properly, and timely audited.

Conclusion

To sum up the discussions it is suggested that, in the future, the Registrar should be so positioned that co-operatives can truly become autonomous, self-governing and peoples' own institutions. The statutory role of the registrar should be revised to cover only the main functions such as registration, dissolution, and administration of the Co-operative Law. The registrar should be legally barred from having any statutory powers that might impinge on the autonomy and internal management and operations of co-operatives.

Other important roles, such as those relating to the promotion and development of co-operatives, auditing, holding of elections to the boards of directors, and liaison with various government agencies, departments and institutions should be gradually taken over by the co-operatives themselves, or by financing and development agencies. This is how co-operatives could be deregulated and given a real chance to prove their mettle in the competitive setting of a free market.

The Role of Ideology and Organisation in the ICA's Survival between 1910-1950

by Rita Rhodes*

Introduction

This paper derives from a Ph.D. thesis *The International Co-operative Alliance During War and Peace 1910 - 1950*, of which the ICA published a book version in 1995. Both thesis and book looked at questions of how and why the ICA survived the two World Wars and the Cold War when similar international working class movements split under pressures of total war and divisions of doctrine. Being more limited in scope this paper will concentrate on analysing the two main reasons advanced for the Alliance's survival, namely its ideology and organisation. At the outset we should note that the period 1910 to 1950 was one in which consumer co-operatives predominated, helping to shape the Alliance's culture, and ethos and providing its leaders. In turn these factors influenced its organisation and ideology.

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ICA Organisation 1910 - 1950

Organisation is defined as the ICA's Constitution and authorities. During the period the Alliance's Constitution changed little. Only minor amendments were made with its main features remaining intact. One reason for the Constitution's durability was that it enjoyed widespread acceptance and the confidence of ICA member organisations. It also legitimised ICA decision making, and the longer it survived the more skilled ICA Member organisations became in using it. This was seen particularly clearly during the Cold War when east-west tensions were contained within the framework of the Constitution and not allowed to split the ICA.

Between 1910 and 1950 the ICA Constitution exhibited four main characteristics.

Ideological Consistency

The first was ideological consistency, illustrated by the similarity between the ICA's original Constitution and that which was amended in 1948. The former stated Alliance Objects as being the fostering of relations between the co-operators of different countries, the elucidation of co-operative principles and the establishment of commercial relations between co-operators in different countries. In 1948 these objectives largely remained but were spelt out at greater length:

- a. To be the universal representative of Co-operative Organisations of all types which, in practice, observe the Principles of Rochdale
- b. To propagate Co-operative Principles and methods throughout the world
- c. To Promote Co-operation in all countries
- d. To safeguard the interests of the Co-operative Movement in all its forms
- e. To maintain good relations between its affiliated Organisations
- f. To promote friendly and economic relations between the Co-operative Organisations of all types, nationally and internationally
- g. To work for the establishment of lasting peace and security.

Article 1 of the Constitution as amended in 1948 also reflected the Al-

liance's concern to advance co-operation as a distinct form of social ownership.

"The International Co-operative Alliance, in continuation of the work of the Rochdale Pioneers and in accordance with their principles, seeks complete independence and by its own methods to substitute for the profit-making regime a co-operative system organised in the interests of the whole community and based upon mutual self-help."²

The period between these two statements of objects spanned more than half a century, but their similarity suggests that the values underlying them had been successfully transmitted through several generations. In other words there had been an active ideology which had shown a fair degree of consistency.

ICA Membership

The second characteristic of ICA organisation during the period was a homogeneity which derived from the way in which member organisations were recruited and the type of co-operative that these represented. As far as the former was concerned the Alliance's first Constitution had laid down that ICA Membership was to "comprise co-operative groups, federations and associations and . . . individuals who were members of co-operative associations." Within a few years there were moves to exclude individual members and to base ICA membership instead on national co-operative organisations. The phasing out of the membership of individual persons

was completed by 1921. Thereafter ICA membership was either "individual", meaning that of individual co-operative societies or "collective", in that it was based on co-operative societies' apex organisations. The latter soon became the main form of ICA membership and had the effect of streamlining and strengthening its organisation.

As far as the type of co-operative was concerned, consumer co-operatives soon comprised the largest single group. This occurred despite the fact that, under its Constitution, the Alliance was open to all kinds of co-operatives. The figures speak for themselves. In 1927 the ICA had an affiliated membership of nearly 43 million of which just over 31 million were members of consumer societies.³ By 1946 those figures had risen to almost 99 million and 56 million respectively.⁴ The predominance of consumer co-operatives encouraged an ideological cohesiveness, strengthened by the fact that they were the type of co-operative most closely associated with Rochdale.

Thus in the ICA between 1910 and 1950, Co-operative Principles were synonymous with Rochdale Principles and consumer co-operation with co-operation generally. We should recall that it was the period in which the consumer theory of co-operation had recently triumphed over that of producer co-operation. Consumer co-operatives were considered the main vehicle for co-operative expansion and their influence on the ICA was seen in many ways, not least in its methods of accountability and control.

Accountability and Control

These developed in a stable framework: during the period the Alliance's "authorities" remained unchanged. Except for the post of General Secretary, which was provided for in the Rules revisions of 1910, the Central Committee and the Executive Committee it elected, and the Congress, had been laid down in the first Constitution. However, between 1895 and 1910 the Central Committee, although nominally responsible for business between Congresses, was not able to meet regularly because of the cost and difficulties of travelling. By the First World War, however, it was becoming easier for it to convene at times other than immediately before or after a Congress. Before then the Executive "Bureau", renamed Executive Committee by 1914, conducted day-to-day business on behalf of the Central Committee. Its officers, who worked on a voluntary basis, acted as an embryonic Secretariat. As we noted, Rules revisions at the Hamburg Congress, 1910, provided for the position of a General Secretary, although that post was not filled until 1913. Thereafter the Secretariat grew.

Alliance authorities operated within a democratic framework in that the General Secretary was responsible to the Executive and Central Committee, while the Executive was answerable to the Central Committee. In turn that reported its conduct of the Alliance's affairs to the Congress which had ultimate authority.

Durability and Flexibility

Durability and flexibility were features of the Alliance's Constitution. One

reason for the former was the Constitution's fairness. For example, voting rights and subscriptions as laid down by Congress, were weighted according to the membership of affiliated organisations. Only the two largest movements, the British and the Soviet, were asked to accept restrictions on their voting rights without any commensurate reduction in their membership fees. The Stockholm Congress, 1927, decided that no country, or union of countries, should command more than one-fifth of Congress votes or hold more than a given number of seats in the Central Committee.

The Constitution's flexibility was assisted by the evolution of a number of conventions. One appeared in the late 1920s after the Soviet Central organisation, Centrosoyus, requested an automatic seat on the ICA Executive. It was decided that the election to the Executive should remain on an international, rather than on a national basis,⁵ but the convention developed that Soviet members were elected to the Committee, often at Vice-Presidential level.

Other examples of flexibility occurred during the two World Wars when improvised arrangements were made by British, French and American member organisations to keep limited ICA activities going. These war-time initiatives were all reported to, and approved by, subsequent Congresses.

To conclude this section we should reiterate the point made earlier that ICA

organisation was very much shaped by the Alliance's ideology.

Ideology

Let us now turn to that ideology in which four distinct features could be discerned.

Co-operative Principles

While the ICA espoused some pre-Rochdale co-operative ideas including opposition to the effects of capitalism, and support for self-help and mutual benefit schemes, its ideology was most heavily influenced by Rochdale. Even so it did not become the "guardian" of Co-operative Principles until 1930 when the Vienna Congress decided that the ICA should undertake a review of Rochdale Principles on the grounds that they were almost a hundred years old yet lacked a definitive statement.. Fears were expressed that some ICA member movements were failing to observe them fully, while others were applying them in different ways.

Reports of the subsequent review were made to the London and Paris Congresses of 1934 and 1937 which largely reaffirmed Rochdale practices, but with some degree of prioritisation. For example, the basic Principles were held to be those of Open Membership, Democratic Control, Dividend on Purchases and Limited Interest on Capital. A second league comprised Political and Religious Neutrality, Cash Trading and the Promotion of Education. ⁶ Other features of the Rochdale system were also endorsed, but not given the status of Principles. These included trading exclusively with

members,⁷ voluntary membership⁸ and sale at current market prices.⁹ Disagreement arose, however, on the question of "inalienable assets", because of different practices in different ICA member organisations. Finally it was agreed to recommend that co-operatives should make regular allocations to inalienable reserves and seek legislative provision for indivisible collective assets. Thus the 1930s review of Rochdale Principles endorsed a major part of ICA ideology but there were also other elements.

Consumer Co-operation and Socialism

A distinction between consumer co-operation and socialism was articulated when, at its Copenhagen Congress, 1910, the Socialist International tried to bring trades unions and co-operatives into closer association. The move failed and the ICA Congress in Hamburg a few days later was able to report that the Socialist International had agreed that co-operatives' political neutrality necessitated their remaining independent. However, there had been agreement that workers' parties, trades unions and co-operatives should work together on matters of mutual interest. -

Prof. Charles Gide, the French co-operative leader and a prominent figure in the ICA, went on to draw an important distinction between socialism and consumer co-operation. Pointing to the growing significance of consumers in national economies, he argued that consumer co-operatives enhanced consumers' power through their wholesales which allowed consumer

involvement in primary production and a better marrying of demand and supply. Through such vertical integration consumer co-operation was creating a new economic system capable of transforming large parts of private enterprise into co-operative social ownership. Gide denied that this was the kind of expropriation that many socialists sought. Rather it was the triumph of a superior system through the play of market forces. Moreover, unlike some socialists, cooperators did not believe that class conflict was inevitable because "the consumer does not represent any class . . . everybody is a consumer . . . everybody, Socialist or otherwise, has the right of admission to the association."¹⁰

Despite the pointing up of such differences the Alliance found it difficult to retain part of its ideology that had been enshrined in its Constitution since 1895, namely political neutrality.

Co-operation and Political Neutrality

Dr. William King (1786-1865) had first argued that co-operation functioned best when free from the state or government. The Rochdale Pioneers later adopted political neutrality as a defensive mechanism. It served much the same purpose in the ICA because it helped to separate the Alliance from the political actions of its members. Even so, some ICA member movements such as the Scandinavians, feared that the ICA was taking political positions when it declared on issues such as the League of Nations, world peace and the protection of co-operative movements from fascist regimes. Increasingly during the inter-war

years, the ICA found it difficult to maintain political neutrality, thus creating tensions between it and other parts of ICA ideology. As war approached, many in the Alliance recognised that peace might have to be sacrificed in order to save democracy.

Peace

This dilemma was difficult for an organisation that had passed its first Peace Resolution at its Manchester Congress in 1902, where it had also decided to join the International Peace Bureau. Subsequent ICA Congress also passed peace resolutions, the most famous being that of the Glasgow Congress, 1913. Between 1932-1934 the Alliance had observer status at the International Conference on Disarmament held in Geneva. Thus it can be seen that the ICA had held a sustained peace policy over many years which pre-dated the period 1910 - 1950 and continues to the present day.

To conclude this section we should note that throughout the period the ICA had an active ideology. Not all the parts of this necessarily sat easily with each other but, overall, they had

a cohesive effect on Alliance membership, even during war.

Conclusions

Evidence suggests that its ideology and organisation were two over-arching reasons why the Alliance survived the two World Wars and the Cold War when similar international working class organisations split. There were, of course, other factors but these were less significant or occurred in a haphazard or contingent fashion.

Such conclusions raise questions about the Alliance since 1950. The earlier close relationship between ideology, organisation and homogeneity of membership has long since passed: ICA membership has widened, become more diverse and with a wider geographical spread. No single type of co-operative now has the hegemony that consumer co-operatives exercised between 1910 - 1950. It therefore seems pertinent to consider how this might have affected ICA ideology and whether, for example, it has weakened the earlier close relationship between the ICA's ideology and organisation.

Footnotes

¹ Report of ICA Congress, Prague, 1948, p113

² *ibid*

³ Review of International Co-operation, No.3. March 1929, p89

⁴ Report of ICA Congress, Prague, 1948, Appendix vi

⁵ Minutes of Meeting of ICA Executive, Bremen, 28-29 March 1928, p7

⁶ Report of ICA Congress, London, 1934, p155

⁷ *ibid* pp150-151

⁸ *ibid* p152

⁹ *ibid* p153

¹⁰ GIDE, Charles, The International Co-operative Alliance, Presumed date of publication 1920

The Internationalization of Member-owned Firms

Peter Normark*

Abstract

Is transnational co-operation a possible way to organize the internationalized future of member-owned firms? If and how can the members' decision-making processes be organized in an enterprise that covers several countries? The large national co-operatives of today have difficulties in organizing the corpus of members in adequate structures. These difficulties will be more articulated in transnational co-operatives. The concept of transnational co-operation will also raise the question of member unity. Is it possible to extend this unity over country borders? How can the profits of transnational co-operatives be divided between members from different nations? These are questions that are getting more important when discussing the internationalization of member-owned enterprises. This paper analyses strategies for co-operatives in a more global environment. Special emphasis is focused on how to manage these profound transformation processes.



Introduction

Enterprises in the food industry are rapidly developing more international or maybe even global structures. Major multinational actors such as Nestlé, Unilever and Kraft General Foods have been able to position themselves in even more dominating roles within interesting and profitable sectors of the food industry.¹ Some farmers' co-operatives (e.g. Campina/Melkunie) have also been able to strengthen their positions internationally. The co-operatives, however, have to handle specific problems concerning finance and the development of member organization during extensive internationalization of their operations.

For several decades the Swedish food industry was heavily regulated in structures organized by the state in

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collaboration with the co-operatives. The Swedish market was also heavily protected from foreign competition. Most of the international operations were aimed at selling "surplus production"; the volume of the production that could not be distributed on the domestic market. However, in 1990, discussions of reforms in agricultural politics resulted in a domestic market orientation. The internal regulations were removed between 1990 and 1994. After the Swedish membership in the European Community in 1995, Swedish co-operatives were able to compete on equal terms on the European markets whereas foreign competitors were able to compete on equal terms on the domestic market.

Swedish co-operatives have been promoting different strategies of internationalization. Many of the societies have generally been pursuing a processual orientation trying to gradually increase their knowledge of the markets. The strategy processes have been incremental, holistic and gradually testing in character.² The alternative to develop more sophisticated plans has been regarded as less realistic.³ This is due to the fact that it has been difficult to predict the changes on the political scene during the period 1990-94.

Some of the co-operatives have been buying out foreign firms. Several examples of acquisitions have been seen in the crop-marketing sector (some of them have been successful, others have almost turned into disasters). Other co-operatives have primarily been trying to increase their export sales in foreign

markets. Yet other examples of internationalization are the development of alliances between co-operatives within the dairy industry. Most of the smaller co-operatives have been pursuing a focus on differentiation strategies whereas some of the larger societies have been trying to establish themselves as major actors on the North European markets. The discussion below will focus on the latter strategies.

Internationalizing Co-ops

In order to establish themselves as important European actors, and take advantage of the scale economies, larger co-operatives may evaluate different alternatives. The green-field investment is a less interesting choice in a mature industry like the food industry. Two other alternatives, that have been analysed more carefully, are the international acquisition and the strategic alliance.

The implementation of acquisitions is one of the more complex areas of international management.⁴ The issues of members' risk-bearing capital and member organization are unique for the co-operatives. Is it possible for co-operatives to finance major international acquisitions? A member in a co-operative is both a user and a capital owner.⁵ The user role is principally superior to the capital owner role. The incentives and possibilities for increasing the risk-bearing capital is therefore limited. Instead, many of the co-operatives have financed earlier expansion by using profits from the operations. Profits, however, are generally speaking not sufficient for huge international acquisitions. Neither are huge expan-

sions by using external loans a realistic alternative for the co-operatives.⁶ This would dramatically increase the level of financial risk. In sum, there will be huge problems for the co-operatives to finance international expansion.

The Capital Dilemma

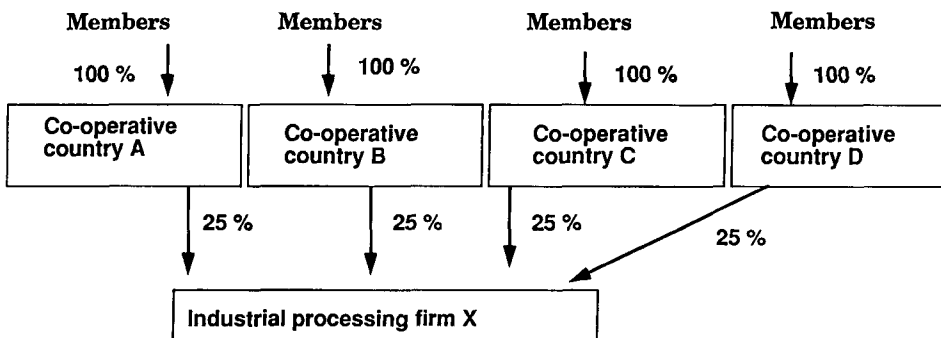
A more realistic source of capital for international expansion is owner capital from non-members (e.g. investors). This solution will, however, jeopardize the co-operative form of organization. As the investors have other goals for their ownership (maximum return on invested capital), the co-operative may risk losing its user orientation.⁷

The co-operative may risk being in a position to choose between regressing into a less favourable strategic position, on the one hand, and on the other hand using non-member owner-capital and thereby jeopardizing the co-operative form of organization. Is the

strategic alliance a more interesting alternative?

The strategic alliances are complex organizational processes.⁸ Issues of synergy, trust between the alliance partners, competencies, language barriers and mutual adjustment processes are all relevant factors when exploring the possibilities for success. The international strategic alliance is of special interest for the co-operative since this alternative may imply a possibility for international expansion without an enormous need of additional risk-bearing capital. Instead of acquiring foreign companies, the co-operative may establish extensive collaboration with similar co-ops from other countries. The alliance may be constructed either as an agreement to co-operate within specific areas (marketing, production and research & development) or it may be constructed as mutually owned enterprise covering all operations within one specific industry sector.

Strategic Alliance between Co-operatives



Example of Strategic Alliance Between Co-operatives

The strategic alliance may be evaluated as a solution for the domestic co-operatives that have the ambition to develop into leading actors on the food market. If, and when, the alliance has developed into a mutually-owned firm, several questions may be raised. Firstly it is vital to evaluate the goals for the alliance. Do the owners have the same final goal for the operations? Is the goal to maximize the return on the invested capital? Or can the alliance instead be regarded as a tool for supporting the interests of the users? As member-owned and investor-owned firms have different goals, there will be a reduced risk of destructive conflicts on goals if the co-operatives are searching for alliance partners among other co-operatives.

The principal argument for pursuing the process of forming a strategic alliance is, of course, the existence of synergies. An important prerequisite for this is not only a mutual trust between management from the two societies but also a similar mutual trust among the more influential owners/members. The development of a strategic alliance, thus, implies consequences also for the member organization. For a co-operative, where a major part of the core business is operated within an alliance, the member organization must be adapted to handle this situation. Otherwise there is a risk of managerism.⁹ The fruitful relations between principals and agents may be damaged. The members may find themselves in a position where their influence merely is directed to-

wards the primary societies and not towards the transnational mutually-owned alliance organizations. Hence, there is a need for developing the member organization in harmony with the business operations.

The adjustment of the member organization may be focused towards creating different forms of lateral relations.¹⁰ The traditional representative system where members are elected to represent a certain district may exhibit severe difficulties in handling larger transnational co-operatives. The geographical model for representative democracy will be more difficult to implement under transnational conditions. It is thus interesting to innovate new models for member organization. The member organization must be reproduced.¹¹ The possibility to develop a structure that instead considers e.g. different farming orientations (large scale versus small scale or other special categories of farmers) may be evaluated as one solution. Another way of organizing the member influence would be to find more direct links between the local business organization and the local members. The demarcation line between local, national and transnational responsibility is a key for using this model.¹²

In summary, one may conclude that member organizations must develop in harmony with business organizations. Then, strategic alliances may be used as tools for internationalizing co-operatives. Strategic alliances are not, however, developed through sophisticated planning. The alliance should rather be regarded as a change proc-

ess where the partners incrementally strengthen links between each other. The relations between member and business perspectives are at stake during these kinds of fundamental transformations of co-operatives. Below I will elaborate on the issue of the strategy process in and between co-operatives. The discussion is based on several studies of mergers between co-operatives.¹³ The main argument is that both the contents and processes of strategy are fundamental for the success of the internationalization or any other strategic changes.

A Processual View of Change

One conclusion, from different merger and change studies, is that there exist several bases of rationality that have to be considered when proposals for strategic change are evaluated.¹⁴ Proposals of change are often evaluated from the viewpoint of effectiveness within the co-operative. But, the member-perspective is an additional important basis for rationality that is often neglected. Is the proposed change positive not only for the co-operative itself, but also for its members? Would suggested cost reductions benefit the members? The answers to these questions are vital for the members' responses to change proposals.

Another important point is related to the logic and form of the change process. Three principal models for owner-management relations have been developed in earlier studies of mergers.¹⁵ A first model — the owners' monologue — involves a risk of running into economic inefficiency. The goals of local development can here overshadow

the long-run economic goals of the enterprise. A second model — the management monologue — can increase the short-run efficiency by reducing the costs of handling membership democracy. But the members' experiences are not used as inputs for business development. During critical decision-making the securing of support from the corpus of members tends to be weak. A third model — the member-management dialogue — handles the problems mentioned above. By early initiation of a discussion, the possibilities of successfully integrating proposals from members increases and communication regarding change of proposals within formal decision-making structures improves. But this dialogue causes costs in the form of heavier demands on information and there is also a risk of increased bureaucracy and delayed decision-making.

In conclusion there is instead a need for combining these three models into an adequate pattern of relationships between management and members. An emerging formation of a division of responsibilities between members and managers is important for the actors' understanding of their own and other actors' different roles during the change processes. An ongoing dialogue about strategic — not operative — issues will result in an "infrastructure" of relations between management and members. This organizational "infrastructure" is important in improving the firm's decision-making capacity. A society with a developed "infrastructure" is in better shape than other organizations when proposals

for strategic change are initiated. The different actors have thus developed a constructive method for analysing new ideas and proposals. Hence, the actual organizing of the change process may be crucial for the outcome.

Finding the Right Balance

Another important aspect concerns the fundamental basis for the co-operatives. The co-operatives have been formed to support the users' interests by developing business operations.¹⁶ This may cause tensions between the business logic and the users' interests¹⁷ and therefore, there is a need for finding a balance between these two poles. There is also a similar need to find a balance between economic and idea-related goals. The members want to gain economic advantages in the short run, but they also want the co-operative to develop the market in a way that is positive for them as less powerful actors on the market. If the right balance is achieved the chances of realizing a change proposal will increase. The management of co-operatives may be analysed as a continuous bridge-building between both users' interests and business logics as well as between economic and idea-related rationalities.

Change proposals that are successfully created in a way that they balance both the users' interests with the business logic, as well as the idea-related rationality, with the economic rationality are also contributing to the continuous reproduction of the co-operative. The "infrastructure" of relations between members and management is created, destroyed and recreated during a stra-

tegic change process. Inability to handle these bridge-building processes is damaging to the society. Firstly, important changes are not achieved. Secondly, either the membership reproduction or the capital formation processes are weakened. Hence, the society is gradually losing its membership orientation or is being weakened economically and financially. To sum up, the actual organizing of strategic change processes is important for the long-run development of the co-operative.

This kind of bridge-building is a process that goes beyond the strategic level. It is not only a question of developing competitive business operations. Strategic processes, such as mergers, may initiate even more fundamental processes that focus on the existence of the co-operative form of organization. These processes can be labelled "meta-strategic". The meta-strategic processes concern not only the development of efficient business strategies, but also the development of the co-operative form of organization.

In many co-operatives, the member-owned form of organization is regarded as an axiom by both management and members. During extensive transformations, such as mergers, this axiom may, however, be questioned.

For change agents, it is therefore important to make it credible that the co-operative form of organization will remain unchanged during the ongoing transformation process. It is therefore suggested that it is equivalently important that the principal co-operative

ownership will remain unchanged also under the development of transnational co-operation (co-operatives with members from different countries) and transnational co-operative strategic alliances. In this way it is possible to avoid some, if not all, de-

structive political conflicts that may arise.

A wise use of the co-operative process within a co-operative form of organization may thus facilitate the international business development.

Footnotes

¹ HEC (1995), Grünert, Baadsgard, Hartvig Larsen & Madsen (1996).

² Compare with Pettigrew (1985), Mintzberg (1978), Quinn (1980) and Johnson & Scholes (1993).

³ Akesson (1996).

⁴ See instead Bueno & Bowditch (1989) and Larson (1990).

⁵ Barton (1989).

⁶ Hybholt (1994).

⁷ Normark & Swartz (1991) and Normark (1994).

⁸ Roos (1989).

⁹ Ilmonen (1986).

¹⁰ Galbraith (1973).

¹¹ Stryjan (1989).

¹² This model is proposed as a way to keep the local orientation intact during a major merger between four Swedish farm-supply and crop-marketing co-operatives.

¹³ See Normark (1994). The study is based on two extensive cases. The first case deals with an attempt to reorganize the Swedish Farm-supply and Crop-marketing Federation. An intended effort to reduce the number of regional societies failed, but during the process other ways of increasing efficiency and effectiveness were accomplished. The second case analyses an attemptive merger between four co-operative dairies. After five years of negotiations three of the dairies merged whereas the fourth remained independent.

¹⁴ Utterström (1980), Michelsen (1984), Giroux (1982), Normark (1994) and Modell (1994).

¹⁵ Normark (1994).

¹⁶ Barton (1989).

¹⁷ For a profound discussion about business recipes, see Spender (1989).

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The Decline and Fall of Konsum Austria

by Robert Schediwy*

In the spring of 1995 "KONSUM ÖSTERREICH", a large but ailing consumer co-operative that once had counted between one fourth and one fifth of Austrian households among its members, had to engage in bankruptcy proceedings.

In the meantime, approximately 90 per cent of the co-operative assets have been sold off in order to assure a 40 per cent quota to the company's creditors.

It is as yet unclear what solution will be found for the (formally) more than 800,000 members' shares - but approximately 5,000, i.e. about a third of the company's employees, have lost their job because of the catastrophe - the rest have been taken over by other retailers who have bought the firm's shops.

KONSUM AUSTRIA has become Austria's biggest bankruptcy case since 1945.

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In the present context we can only outline some of the reasons for this tragic development that is, however, by no means unique in Europe (Schediwy 1995, Kempainen 1995 on EKA).

Similar events have also taken place outside Europe, e.g. in Quebec and Argentina ("EL HOGAR OBRERO").

Long-standing Weaknesses

Already more than 20 years ago the so-called "red giant" of Austria's retailing, once regarded as one of the "three pillars" of the Austrian labour movement, showed serious signs of weakness. This consumer co-operative movement, which had close ties with Austria's trade unions and to the country's Social Democratic Party, had been one of the pioneers of self-service in Austria. It was also a pioneer of the Austrian "hypermarket revolution"

starting in the late sixties. However, the massive expansion phase between 1970 and 1974 already seriously increased the movement's debt burden: the co-operative's own capital increased by 6 per cent in real terms, between 1970-1973 but during the same period its loan capital increased by 6.5 per cent. Even if this loan financing could still be assured by credit institutions close to or partially owned by the movement, the "urgent necessity to increase the co-op's own capital" could already be discerned (Schediwy 1976). Therefore the period from 1972 to 1978 can already be termed a period of "regional crises". By 1976 it had become evident that the problem of Upper Styria, the weakest regional co-operative (product of a merger of 5 local co-ops) had become too big to be shouldered by the neighbouring, prosperous co-operative of Graz.

The Solution

The solution of mergers on a grand scale forming the giant "Konsum Austria" had to be envisaged, if one did not want to run the risk of sizeable regional bankruptcies which would have been highly detrimental to the whole movement.

There was a serious risk, however, that in a step-by-step national merger only the weakest co-operatives would actually join and the well-to-do firms of the movement would prefer to stand on their own as was happening in the case of German Co-op AG. (Rössel 1981, p. 43)

Thus the merger of Konsum Austria in 1978 had to be carried through with strong political and union backing.

Anton Benya, uniting the functions of president of the Austrian Federation of Trade Unions, president of the Austrian parliament and president of the supervisory council of KGW, Austria's largest consumer co-operative (based in Vienna and realizing about 40 per cent of the total turnover of the movement) put all his personal weight behind a "total merger".

Only some small mountain co-operatives refused to enter the super-merger. The management of other well-to-do co-operatives (like Graz) are supposed to have contemplated staying out, but the pressures to join were too strong. (The elected members' representatives were usually loyal partisans of the country's rather centralized union and social democratic leadership. They were not so much representatives of grassroots membership but of "social organisations". Therefore they tended to be isolated from the actual membership base, which would regard itself increasingly just as "clients", while the officials would still talk about a "movement").

A Period of Stagnation

Had the big rescue operation of the super-merger been followed by energetic attempts at modernizing, streamlining and cost-cutting inside the new giant retailing co-operative it might have been successful. However, this was not the case. At the same time the level of competition in Austrian retailing became fiercer - with the Hofer (i.e. Aldi) discount chain and "Billa" (owned by the Austrian pioneer entrepreneur Wlaschek and almost fully fi-

nanced by its own capital) as most aggressive competitors.

The period of 1978 to 1990 therefore can be regarded as a "period of stagnation" (to use Gorbachev's term for the Brezhnev era) or of concealed crisis. After some initial successes deficits exploded after 1982, but were hidden behind an increasingly complex facade of sale-and-leaseback arrangements and behind the foundation of new firms, which allowed, e.g., re-evaluation of existing real estate. This period was presided and symbolized by two men: general manager, Manfred Kadits, then already approaching retirement, who was perfect in pointing out how "everything was under control" and the ageing Anton Benya, who is supposed to "never have wanted to hear about problems" according to many witnesses.

In this context warning voices like that of Rauter (1983, p. 174), Schediwy (1986) and Blaich (1988/95) in the context of the project of Brazda and Schediwy (1989) were regarded not as helpful but rather as a nuisance. The publications were either bought up to "calm down things" (Ortner 1983, Blaich 1995 p.9 f) or answered by more welcome "positive" articles (e.g. Syrowy 1988 and the answer of Patera 1988).

One of the worst possible combinations of a principal/agent relationship: a principal who wants to hear no "bad news" (possibly practising the politician's "art of not knowing") and an agent "going the easy way" towards retirement thus depleted the once

enormous riches of a movement that had owned incredible masses of valuable real estate.

This period of concealed crisis and "management by ignorance" ended in 1990, when both Kadits and Benya retired from their jobs - and the well-known, cost-cutting intentions of the new general manager Hermann Gerharter seem to have estranged him immediately from the strong trade union base of the firm (Nilsson 1995/1). During the final crisis, Konsum Austria's media put most of the blame on Hermann Gerharter up to the point of making him a scapegoat. But he was probably blamed for the wrong things. On his "way to the top" he had tried to please his future electors by a policy of over-investment (and mis-investment) in his departments (e.g. Konsum's own brand production) and thus contributed to the depletion of the movement's reserves. But this is hardly mentioned today. And while it is true that this last "captain" of the sinking ship, Konsum Austria, probably grossly overestimated his capacities to bring about a turnaround and may have not only committed grave management errors but also more serious mistakes, the true candidates for a personification of Konsum's decay appear to be the two top men before Gerharter.

The Inevitable Scandal

Already by the end of the 1980s many observers saw Konsum Austria's situation as inexorably converging into a mega-scandal. As a matter of fact one of the top leaders of Austria's Social Democratic Party, an excellent technocrat, confided to the author already in

1987 that he too saw no other outcome for Konsum but as in the German "Neue Heimat" -Scandal (see Nilsson 1995/2). But, he concluded, there simply was no possibility to influence the course of events from the outside, "because these co-operatives are practically owned by themselves" (Nilsson 1995/2).

From 1990 the once well-hidden problems of Konsum Austria became a matter of increasing public debate. The beginning of July, the usual date for the presentation of Konsum Austria's balance sheet started to be a focus of unfavourable publicity for the ailing enterprise. Published figures for operating deficits ran at around 130 - 150 million US \$ during the last years - a staggering figure for an enterprise with less than 20,000 employees. In this context the official policy of the other "pillars" of the Austrian labour movement after 1990 seems to have been to withdraw all higher ranking representatives in time before the looming disaster broke. In this they were successful: The December 17, 1995 election ended with a victory of the country's Social Democrats who fought on a platform of preserving the welfare state. Attempts by their opponents to draw them into the Konsum Scandal failed.

The 1993 Alliance between Konsum Austria and Migros

In February 1993 there was unsuspected hope in what some observers at least privately, had already termed the "Greek tragedy" i.e. the inexorable path of Konsum Austria towards its catastrophe. Konsum and the Swiss

Migros group concluded a complicated agreement that looked like an unexpected last chance for the ailing "Red Giant". Both sides had some realistic reasons for engaging in transnational co-operation. Migros, a private enterprise turned into a system of co-operatives by its charismatic founder Gottlieb Duttweiler (but not accepted as an ICA member in the 1940s) was and is the dominant force in Swiss retailing. In view of increasing EU integration (and a Swiss referendum of 1992 barring even adhesion to the "European Economic Area") Migros was looking for expansion into neighbouring EU territory (and probably additional outlets for its own production). Western Austria, where Migros is already well-known and respected, seemed a natural sphere for expansion.

The interest of Konsum management to find a powerful and rich ally on the other hand was obvious. Konsum's general manager Hermann Gerharter, also seems to have appreciated the not too union-friendly attitude of the Swiss group: even though he himself was a product of a pure "labour movement career" he turned violently anti-union during his last two years in office. (Nilsson 1995/1).

But why did this attempt at transnational co-operation fail?

The reasons may not only be of interest as a post-mortem elucidation of the given case, but can also be regarded as a typical example of non-hierarchical co-operation between unequal partners in general.



Political reaction to Konsum disaster, May 1995.

Probably the co-operation between these very different partners was at the same time too superficial and too fundamental. It went too far and at the same time fell short of its potential mainly because of hesitations of both partners to “go all the way”.

Konsum Austria basically should have been eager to “sell out” to Migros, even at a nominal price, in order to avoid the looming scandal. But obviously the co-operative leadership was not willing to this. It seems Konsum’s management wanted to use Migros’ skills in logistics and organization for a rejuvenation cure, but with a minimum of concessions, ignoring the fact that it was by far too late for such a strategy.

On the other hand, the Swiss who knew that their partner was in bad shape (but do not seem to have been

made fully aware of the size of the looming catastrophe) certainly wanted to “put a foot into the door of the Austrian market” but without committing themselves fully to the restructuring of the whole, by now rather non-transparent, Konsum empire.

The details of the Konsum-Migros agreement (into which the - costly - purchase of a maverick private Austrian retailer, Zumtobel, was integrated) cannot, of course be given here (see Nilsson 1995/2). Suffice it to say that there were three main aspects: Western Austria (west of Innsbruck) was ceded to a Migros (St. Gallen) majority holding (75 per cent). For the rest there was a 50/50 per cent split for a newly-founded purchasing logistics and marketing firm. The hypermarkets in Central and Eastern Austria were to be owned 75 per cent by Konsum and 25 per cent by Migros (but with a pos-



The end of Konsum, October-November 1995

sible increase of Migros' share in the future). The small Konsum shops stayed out of the deal.

The results of 1994, the first year in which this transnational co-operation between the rich and the poor giant became operative, were disastrous.

The Austrian public did not react favourably to the fact that Migros' better known brands were on offer rather than the Konsum's own products. Therefore, sales fell dramatically and operating deficits exploded. There also had been no signs of a "new start" (e.g. changing the names of shops, a publicity campaign presenting Migros etc.)

Reluctance to give up the prerogatives of traditional "independence" on the Austrian part and all too prudent hesitation on the Swiss part meant that the co-operation did not have any positive impact on the Austrian retailing market. Both parties were drawn by the

nature of the arrangement into a "free rider"-philosophy, but to the detriment of each other. And both were to be heavily penalized for that attitude.

The Beginning of the End

By the end of 1994 the banks who had given Konsum a "last chance" started to become uneasy and wanted to get hold of Konsum's last valuable asset, its 30 per cent share in BAWAG bank (the old, union-dominated "Workers Bank", turned into a highly profitable enterprise by its cunning and authoritarian general manager Walter Flöttl). In this they succeeded at the beginning of 1995, much to the dismay of Konsum's suppliers. In the end, the decision to sell off most of Konsum's assets to its Austrian competitors left no room for any further Migros participation. But internal Migros criticism of the Konsum deal had also already reached the point when the "double or quit" option would have

been answered in favour of a "quit" at any rate.

The example of Migros - Konsum Austria co-operation is thus not one based on a very favourable basis from the beginning. But this is unfortunately the case for many such ventures, where one partner has sovereignty.

No Half Measures

One conclusion to draw would be that in such a situation no half measures

should be taken. For the expanding partner there should be complete control and responsibility because a "limited losses and profits"-strategy will turn into a "sure loss" strategy if quick and dramatic action cannot be taken.

For the poor partner the message would be: better swallow your (co-operative) pride of independence and leave the playing field beaten but not dishonoured while there is still time.

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Restructuring Consumer Co-ops and Co-op Principles

by Akira Kurimoto*

Introduction

In contemporary society, it is argued, the organisation based on equality and democracy will inevitably transform to one of control and subordination as it develops the division of labour. Especially in large scale organisations, the real power of decision-making tends to be detached from the grassroots basis and concentrated on a few professionals or elites. This tendency is referred to as "iron law of oligarchy". It is also noted that the ownership of stocks becomes dispersed among a large number of shareholders and the management functions become highly professionalized as the corporation grows into a large firm. As a consequence, it becomes difficult for the average shareholder to keep track of the overall affairs of the firm and substantive control over these affairs is gradually transferred to its managers. Such



is a phenomenon known as "management control." The consumer co-operatives are not exempt from these general trends, which have even been intensified in the process of restructuring. Is it impossible to reverse such trends? Is it realistic to maintain the democratic structure and administration while achieving highly efficient operations?

To answer these questions, this paper deals with the restructuring process of consumer co-operatives and its implications on the recently revised Co-operative Principles. It also presents some suggestions on how to strengthen the co-operative identity in such a process.

Restructuring Process

Consumer co-operatives in the industrialized countries are facing tougher

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competition prompted by the globalized economy and advanced information technology. To meet this challenge, they are restructuring through the following processes: the merger of primary level co-ops to create economically-viable regional co-ops, the replacement of small older shops by larger modern outlets, streamlining of distribution channels through integrating retail and wholesale functions, concentrating on retailing by withdrawing from production, increased dependence upon external capital, and strategic alliances with private companies.

All these measures are closely interlinked and generate common effects on the co-operative's activities, although there are some differences in the approaches of the national movements.

Merger of Primary Co-ops

In most of the industrialized countries structural changes have been strenuously implemented since the 1960s via mergers and amalgamations of primary co-ops to create economically-viable regional co-ops. For instance, in the 1950s, there were 1,000 consumer co-ops in the UK compared to around 50 in 1994, of which the largest two societies, i.e. CWS and CRS, represent almost half of the aggregate retail turnover in the British consumer co-ops. In Italy, where there were mergers over several decades, the sales of the 17 largest regional co-ops account for 7 per cent of the total turnover. In Japan where the co-op's operation areas are confined to prefectures by law, regional federations have been formed by co-ops operating in several prefectures to

pool their buying power and promote store development. Through these processes, the size of co-ops has been considerably enlarged.

Creating Modern Larger Outlets

In parallel with the mergers, the retail network has been modernised by closing small older shops and opening large modern outlets. In most countries co-ops have made continuous efforts to develop superstores and hypermarkets and now are among the largest operators of these types of stores in the respective countries, while a great number of smaller shops have been turned into franchised convenience stores. Nowadays special emphasis is being paid to the development of discount stores in response to the challenge of "hard discount" stores and in some cases co-operative organizations have bought the private discount chains and run them in their original names. As a result, the co-ops' network has been significantly modernized although they have still a large number of traditional shops.

Streamlining of Distribution

The process of horizontal integration at the retail level has coincided with that of vertical integration between primary co-ops and their wholesale federations in most countries. More and more of the planning, purchasing and other important functions have been centralized in the federations, leaving the role of sales agents to the primary co-ops.

In the smaller countries these processes have resulted in the formation of single national societies such as Konsum

Austria and EKA Co-op in Finland. In those countries where the federation system is maintained, there exists a strong tendency towards a national integrated society to meet ever-increasing competition in the Single Market, as is the case in the formation of KDAB, which integrate the economic functions of KF and Konsum Stockholm. Nowadays, most of European consumer co-ops have a tightly-knit corporate structure similar to their counterparts in the private sector.

Withdrawal from Production

In the process of reorganization, some national federations withdrew from production of Co-op labelled products and other industrial goods in order to obtain liquidity and to concentrate on retailing as the main battlefield in the struggle for survival. This move can be explained by the fact that it became extremely difficult to maintain such industries meeting the challenges posed by the Single Market because of high costs for Research and Development and marketing of new products. In the 1990s, KF, FDB and CWS sold most of their factories and entered into agreements with private manufacturers to produce their own brands. They then bought up private chains of specialist stores and/or discount stores, thus diversifying the retailing activities.

Dependence on External Capital

To finance the large-scale investment needed for the restructuring process, a number of measures for capital formation have been introduced: the issue of non-voting preference shares or share certificates and the introduction of investor members, etc. These are

designed to attract investment from more or less external sources of capital, including pension funds and other institutional investors. This process culminated in the transformation of the co-ops into joint stock companies to raise capital on the stock exchange. In Germany and Finland, holding companies were established by the co-ops and related organizations to control the business units owned by them. But the experiences of co-op AG and EKA Corporation show that this holding company model has not proved to be successful as far as we know.

Alliances with Private Companies

In the hope of strengthening the competitive edge in the globalized market, many retailers have entered into strategic alliances for collaboration in buying, store development and logistics beyond industries and boundaries. In Europe, several international buying groups have been formed among major retailer groups. Even co-operatives had joined such buying groups, i.e. Migros in AMS and Co-op Switzerland in Eurogroup respectively, while NAF (the Scandinavia-based co-operative joint buying group) had ties with DeuroBuying.

Crucial Problems

Such processes have inevitably created crucial problems in relation to the Co-operative Principles. First of all, the enormous size of co-ops achieved through mergers and integration makes the members' democratic control more difficult. The large-scale regional co-ops or the nationwide integrated co-ops tend to lose or weaken their membership basis, since the or-

dinary members will be alienated from real decision-making in matters affecting their interests while the central executives will make all the important decisions without bothering with members' opinions. In the case of associated companies, members have no access to influence their business policies. Even when the primary co-ops will be maintained, their functions will be hollowed out and reduced to the mere legal entity which owns the whole structure without any real power. The closure of smaller shops in the neighbourhood has often left the movement without communication channels between members and managers. Such trends are leading to intensified "management control" at the expense of members' democratic control.

Secondly, in order to finance the great amount of investment, more and more co-ops are raising capital from the external sources, not from their own members, thus neglecting the presence of members' economic participation. Except for a few cases (Japanese co-ops, co-op Dortmund and so on), co-ops have been not so active in encouraging members to invest in shares and many have given up paying dividend, a portion of which could be reinvested as shares. As a result, the members' share investment has become minimal and nominal and its proportion in the equity capital has been considerably lowered. On the other hand, the reserves have been the mainstay of the co-ops' equity but they become increasingly difficult to build up due to the shrinking surpluses in the competitive environment, because the members' contribution to capital, both in-

dividual and collective, is on the decline.

Thirdly, the increased dependence upon external capital may infringe upon the autonomy and independence of the co-operative. There are a number of examples of raising capital from external sources and the most typical one is listing stocks in the capital market after transforming into a joint stock company. This way of raising capital proves to be very efficient but also involves a great deal of risk and may easily result in loss of self-control and independence. This had happened when the top management of co-op AG had made a series of manipulations in financial operations to list stocks on the market and raise their value artificially. In 1989 only 18% of its stocks were held by the original shareholders while 72% were dominated by four foreign banks.

Possible Solutions

These problems are deeply embedded in the restructuring process itself and there appears to be neither alternative ways nor easy solutions. In the global economy, consumer co-ops seem to be doomed to deviate from Co-operative Principles, but I strongly believe efforts should be made to maintain and strengthen the co-operative identity as the competitive edge over competitors.

Firstly, the integrated approach in the strategic planning should be sought so as to include not only the business and investment plans, but also the members involvement policies. These plans principally deal with strengthening the enterprise basis through restructuring



Han groups function as the basic communication channel between grass-root members and the management even in the large scale co-ops.

the business activities, investment in and sellout of properties, strategic alliances and so on. However, they should be accompanied by policies and measures for strengthening the membership basis by improving information/education, encouraging members' involvement in co-operative affairs, etc. These different aspects of planning should be integrated into long-term strategies and daily operations. We can see some good examples; KF's statement of vision seeks to combine business activities, member organisations and the consumer movement; the social reports of Migros and CRS or the social balance sheet in Italian co-ops emphasize social aspects to balance with economic ones. In the planning process, at least the core

members including board and committee members at the primary co-op or branch levels should be informed and consulted. The balance of centralized decisions and decentralized ones should be carefully sought as well.

Secondly, the intermediate organs between the board and individual members should be established to supplement the statutory bodies (general assemblies etc.). Sectional boards, shop/district committees, consumer panels etc. need to be created and revitalized. The Japanese Han groups are also functioning as the basic communication channels between members and management, while study groups based on specific themes such as health, environment, welfare and so on

are attracting more people, especially the younger generations.

Thirdly, a strong financial basis should be built on the members' share investment and reserves. Co-ops should make special appeals to members for further investment through raising shares or bonds. They also need to carefully build up reserves representing the collective accomplishments of members' efforts through obtaining their consensus in allocating the larger portion of earnings.

Conclusion

It is possible to develop excellent co-ops through revitalizing co-operative features while maintaining competitiveness on the market. To this end we need to find good examples of successful co-ops around the world and analyse carefully why they are doing well and how they are combining the economic efficiency with members' involvement. It will be no doubt one of the important contributions which co-operative researchers can make to co-operative practice.

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Competing with Concept: A Note on Co-operators, Corporate Strategy and Computer Fads

by Yohanan Stryjan*

The co-operative movement emerged from an economic and social order that was quite different from today's. As the map of suitable economic habitats is shifting, these traditional mainstays of the co-operative movement face serious problems. Consumer co-operatives and farmer co-operatives have their base in branches whose relative weight in the economy shrinks. The third pillar of the co-operative structure, financial co-operatives, has had it's strength in what now is that sector's weakest section: personal financial services. Its basic tenet and comparative advantage, that of "banking on trust" (compare Bonus and Schmidt, 1990) is being eroded by the anonymization of the financial market.

The description above is not meant as a prophecy of doom. Many, perhaps most, of the organizations in question will stay with us throughout our lifetimes. The problems they face provide

us with worthy topics of research. The point is, however, that - regardless of how important present fields of activity may be - the co-operative movement is threatened by marginalization as the fields it concentrates on become overshadowed by the growth of new sectors. Research aimed to locate or resolve problems in the performance of specific co-operative enterprises or branches is, of course, important for the directly involved. Nonetheless, it fails to address the issue of the entire movement's marginalization.

Marginalization affects even economically successful co-operatives, and can take place in some or all of the following dimensions:

- a. **Economic relevance:** relative weight of co-operative enterprises' activity in the economy at large;
- b. **Demographic relevance:** The percentage of the population for which the services provided are relevant (e. g. the demographic decline of farming population in developed countries);
- c. **Member relevance:** The proportion of time and attention that the average member devotes to the prob-

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lems that the co-operative's core services are keyed to resolve (e. g. the weight of grocery shopping in changing leisure-time patterns).

While co-operative's traditional habits are decaying, new and dynamic fields are opening up. The selfsame dimensions on which patterns of marginalization were mapped, can also be applied to assess potential and desirable directions of expansion. The salient question is what could facilitate the movement's expansion out of its traditional economic bases into such new fields of activity, a process that would imply the establishment of new services, and gaining the affiliations of new members. The question that the co-operative movement is facing cannot be resolved on the ideological plane. Nor can it be reduced to a marketing problem, superficial resemblances (of which later) notwithstanding. New members seldom join a co-operative merely because this would seem the ideologically right thing to those who already are members.

Reiterating Basics

Co-operative is about people. It comes about through giving organizational expression to peoples' needs, activities and ideas. The co-operative principles provide some procedural rules of thumb as to how such organizing can be accomplished. They do not, and cannot provide a clue as to what is to be organized. The object of co-operatives must change over time as the situation and preferences of its subjects - the co-operators themselves - change over time.

People are an enormous - but also a notoriously fickle resource. Regardless of how well functioning a co-operative organization is, it cannot maintain a perfect fit with its members' demands at all times. Some organizations do manage to stay in phase with their members most of the time. Some manage less. All fail periodically, though. Established co-operative organizations are often tempted to doctor the fit between the organization and its members by way of 'streamlining' their corpus of members, so as to weed out members whose demands deviate from what the organization finds expedient to offer (Stryjan, 1994). Other co-operative organizations simply decouple members from the organization's activity (Stryjan and Mann, 1988). Both tactics may improve short-range manageability. They do not, however, eliminate the risk that the organization suddenly will find itself in a decaying market. Often they actually exacerbate it.

Individual members, on which the co-operative ultimately rests, may respond to discrepancies between their needs and the organization's supply of services either by trying to steer the organization to a new course (a task that becomes increasingly cumbersome as organizations mature) or by turning somewhere else for answers (compare Stryjan, 1989; Hirschman, 1970; 1982). Two distinct 'outside' options exist: turning to alternative suppliers (market- or state-, as the case may be), or forming new co-operatives that better match the expectations of those unsatisfied. In the short range, both are an anathema to the co-operative organi-

zation affected. Co-operatives actually tend to invest more zeal in combating 'competing' (in fact, complementary) co-operatives, than in countering conventional competition¹. The two options' long-range implications are diametrically different, though. The first leads to a contraction of the co-operative sphere. The second may lead to its expansion and revitalization, in which members' dissatisfaction can be harnessed to propel development.

To substantiate this claim, I must broaden the scope of analysis. Thus far, the discussion revolved around two classes of actors²; existing co-operatives and their members. To deal with the topic of expansion, our perspective has to be expanded to incorporate a portion of the organization's environment as well. A third conceptual category - that of potential members - has to be introduced.

In a way akin to conventional market research, it is theoretically possible to delimit groups which could have benefited from co-operative organization, and could be thought to join co-operatives (old or new) operating in new fields of activity. Broadly, this amounts to identifying a need, shared by a group of people, that could be suitably answered by co-operative organization. At least two such potential fields of activity can be identified in Western societies: the field of health and personal social services, and the integration of the socially excluded. However, potential members exist only in an analytical sense, their defining property being the default to join (or remain in) an existing co-operative.

Some of these may be keeping out due to lack of information. A major portion, however, would not partake of the services offered since it does not find them suitable. The analogy between co-operative strategy and marketing ends at this point, for the simple reason that the 'product' that is to attract the unconvinced cannot be designed a priori: designing a new co-operative to match the needs of a new type of members is, by definition, the task of these selfsame members. Designing a co-operative by a third party to the needs of those not (yet) in it, is a self-contradictory proposition³.

Encouraging the formation of new co-operatives, in which a new type of members may formulate its own needs and ways to meet them thus becomes an obvious way of expansion into new fields, or fields that established co-operatives have for some reason failed to cover (Stryjan, 1993). It increases diversity within the movement, helping to make it attractive to a more varied group of members. It also enhances innovation and helps decentralize the risk-taking that launching a new type of operation involves.

Paths of Expansion

Corporate expansion is normally discussed in terms of growth of the focal enterprise, or in the holdings of an owner group. It is self-evident whose benefit it advances. The expansion of co-operatives does not quite fit these categories. The co-operative sphere is not defined by ownership groups, but by its member organizations' adherence to a specific *modus operandi*. Consequently, its expansion cannot be

considered in terms of the growth of specific enterprises, but by the diffusion of the mode in question. These two strategic outcomes are interrelated in a complex way. An interesting conceptual parallel, that helps clarify this relation can be found in rather unexpected quarters, namely in the computer industry⁴:

Apple Computers managed to establish itself in the PC market partly owing to its superior design concept, but largely due to the initial reluctance of IBM and other mainframe producers to wholeheartedly enter it. Apple's honestly-earned success has led it to place excessive confidence in its own design and production facilities. Until recently⁵ the company consistently declined to license its operating system to other firms, and successfully blocked the emergence of 'Mac-compatibles'. IBM, that entered the market later, with a comparatively weaker and less user-friendly product, followed an opposite strategy, encouraging (partly by default) the proliferation of IBM-compatible clones.

The establishment of MS-DOS as a dominant standard in the PC world was accomplished by the mass entry of IBM compatibles, rather than by the market advances of IBM itself. The multitude and diversity of new users created a hotbed for development of new software applications and peripheral equipment, further increasing the attractiveness of IBM standards. Apple, through its purist approach, thus helped to shape a world made to IBM standards.

Contemporary co-operative's predicament is not unlike Apple's. The 'product' it offers may be better than the institutional competitors'. Nonetheless, it proves hard to sell in a world keyed to this competitors' different operating system. Like Apple, co-operatives may have helped to bring this predicament upon itself, by insufficient tolerance towards unauthorized clones and 'compatible' imitations, viz new co-operatives. The fostering of proliferation, be it of compatible computers or of like-minded organizations ought, in fact, to be seen as a matter of enlightened self-interest.

Extension vs Proliferation

As the example above shows, expansion has a long-range and a short range component. The strategic choice made by Apple was to focus primarily on the short range: expansion by extension of itself, raising the company's share in a given market. IBM opted for a long-range view, promoting an expansion of the whole PC market, through expansion by proliferation while advancing the company's legitimacy within it (proselytizing for the DOS standard). Small organizations can seldom afford to consider long range implications of the strategies they adopt. Big and dominant organizations, though, may ignore them only at their peril. Small organizations that grow big may easily miss the point in their growth at which they should better change perspective.

The two patterns of expansion: by extension and by proliferation are both evident in the history of the co-operative movement. Jobring (1988) ob-

serves two movement types: the *distributive*, that expands by way of founding new co-operatives, and the *collective*, expanding through extension of branches steered by the centre. It may be useful to consider the two as ideal types, that coexist simultaneously, in different blends, within any co-operative movement.

Swedish consumer and farmer co-operatives have initially expanded by way of proliferation of independent associations. The shift to consolidation and extension occurred gradually⁶, producing increasingly centralized structures. Amalgamation, towards fewer and bigger organizations, came to be viewed as superior to proliferation. From the '60s and onwards, Swedish co-operatives became an extreme example of a purist extension approach, focusing on structural consolidation and the growth of existing organizations. Policies of consolidation have helped the Swedish co-operative organizations to reach national prominence. Carried beyond a certain point they did however stifle the movement's expansion and innovation potential.

Shifts from proliferation to extension strategies can be related to processes in the organization and its environment, namely the maturing of organizations and the maturing of industries. Seeing it as an expression of deterministic forces at work is, however, too simplistic.

(a) *Maturing of organizations*: in co-operative organizations, the balance tends to shift, with increasing age,

from proliferation towards consolidation and extension. However, the age-factor cannot account for the evident differences in emphasis between national co-operative traditions: Southern-European movements, regardless of age, tend to remain *relatively* tolerant towards autonomous co-operative initiatives, as compared to Nordic co-operative movements. Significantly, these co-operative movements seem to have succeeded much better in preserving, and even enhancing their legitimacy than did their Nordic counterparts. The correlation between maturity and consolidation/extension is even less consistent in conventional industry, as the IBM example above shows.

(b) *The maturing of industries*: intuitively, proliferative strategies seem more suitable to emerging markets and young industries. Zero-sum strategies become increasingly relevant as expansion slows down, and the boundaries of the relevant market seem set. The degree of an industry's maturity is, however, pretty much a matter of cognitive definition and cultural perception. To the extent a co-operative organization derives its definition of identity from its branch, or from a standard staple product/service (e.g. milk, or the selling of groceries), the niche it occupies may indeed *appear* static, or even shrinking. It would indeed seem that a strict branch specialisation of co-op organizations, and a rigid division of work between organizations inhibit diversification tendencies (Stryjan, 1991; Stryjan and Wijkström, 1995). However, other, more open definitions are conceivable.

Basing a discussion of co-operative strategy on the relative position of a given co-op organization in a specific industry is a conceptual fallacy. *The industry of co-operative is co-operative*. The discussion of co-operative expansion and development thus requires a basic conceptual reframing (Cf Hedberg, 1974). Co-operatives should be considered as a sphere of activity, consisting of a multitude of organizations, both present and potential, rather than as a members' club for established organizations. Naturally, each single organization is primarily concerned about its

own survival. Yet, the survival and growth of any specific co-operative organization hinges in the long run on the growth of the entire sphere. Seen in this perspective, supporting the formation of new co-operatives is a matter of enlightened self-interest for established co-operatives. At the same time, the future of co-op is not contingent on the fate of any single organization. Indeed, the organizations yet to be born may be more important than the ones already there. The co-operatives that really matter are the ones yet to be formed.

Footnotes

- ¹ An attitude that is most evident in consumer- and banking co-operation.
- ² Sociologically speaking, the term 'agent' (Giddens, 1982) would have been more appropriate. In this discussion I employ the term 'actor' to avoid confusion with the 'principal-agent' line of theorizing, that may be more familiar to business-interested readers.
- ³ This rule does not apply to highly institutionalized forms of co-operation (e. g. housing co-operation) in which the basic blueprint is standardized.
- ⁴ The example may appear far-fetched. The computer industry and the co-operative movement do, however, share a number of interesting traits: both combine evident returns to scale with small-size advantages, and are innovation-dependent. Finally, questions of contesting standards within the computer industry closely parallel the legitimacy issues the co-operative movement struggles with.
- ⁵ Independent production of peripherals was gradually introduced in the 1990s. A decision to encourage the production of Apple compatibles was reached first in 1995.
- ⁶ In the case of consumer co-operation, the first sign of this shift was the shelving of KF's vision of an all-cooperative union, around 1900 (Holmberg, 1993). The shift became definitive in the post WW2 period.

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International Co-operative Research Conference on
Co-operative Innovation and Change

Tartu, Estonia
26-29 September 1996

CALL FOR PAPERS

Most types of co-operatives all over the world are going through a period of enormous change. The forces of change are both external: changing economic and political systems in the co-operatives' environment, and internal: the changing needs and values of the co-operatives' corpus of members, and of the organizations themselves. The parameters of change and the responses to the forces of change vary from country to country, from one co-operative movement to another, and from one sector to another. These issues are throwing up co-operative winners and losers at an alarming rate, and researchers have a vital role in drawing out the theoretical and practical lessons.

Themes that emerge from the study of these issues include:

- The changing conditions of co-operation (new market relations, post-communist transition, internationalization, etc)
- Strategies for coping with the changing world, and for coping with internal organizational change
- Innovation as a response to change (new types of co-ops, new initiatives in old co-ops, new ways of managing and empowering staff and members)
- Organisational learning and the management of change (the methods and processes used by management to effectively change their organisations and the impact on member participation and involvement)
- Co-operative renewal (how are co-ops regenerating, sustaining membership, restructuring, improving corporate governance)

This Conference is being organised with the Assistance of The Academic Society for Co-operative Studies, Estonia

Organising Committee: Yohanan Stryjan, Stockholm School of Business, Prof. Walter Krinal, Prof. Henn Elmet, Academic Society, Lea Sudokova, MAI, and Roger Spear, Open University.

Conference Fees: we try to keep costs to a minimum to ensure good participation of researchers. We anticipate a conference fee of USD 250, which includes registration, accommodation for 3 nights and meals.

Please submit 1 page abstracts to Roger Spear (fax: 44-1908-652 175; email: R.G.SPEAR@OPEN.AC.UK) or contact Yohanan Stryjan for enquiries (email: ys@fek.su.se, internet: fax: 468153054)

European Research Conference on Labour Markets, Unemployment and Co-operatives

Budapest, Hungary

27-28 October 1996,

CALL FOR PAPERS

This conference which is being organised with the Assistance of The Co-operative Research Institute of Budapest, is to be run in conjunction with the ICA Regional Meeting in Budapest towards the end of October. The conference is concerned with the serious and deteriorating problem of unemployment in Western, Central and Eastern Europe, and in particular how an understanding of labour markets and innovative approaches to employment creation can ameliorate the situation. While much labour market policy is based on state intervention, this workshop/conference is distinctive in aiming to analyse and develop radical labour market policy, with coordinated multi-level support, and active involvement of Non-Governmental Organisations (NGO's) and co-operatives.

The following themes are emphasised:

- Labour market statistics and analyses (nationally and comparatively)
- Labour market exclusion (women, young people) and insertion
- Effective education and training policies
- Active policies on social insertion
- The role of co-operatives and NGOs in employment creation
- Proximity services (closely linked consumer/users and producers).

Organising Committee: Prof. Isabel Vidal, University of Barcelona, Laczó Ferenc, Co-op Research Institute, Budapest, Roger Spear, Open University, Milton Keynes, UK.

Conference fees will be kept to a minimum. The coordinating committee is exploring ways of publishing papers presented. One page abstracts should be sent to Prof. Vidal at the address below. There may be the possibility of travel subsidies for early and needy applicants.

Please contact : Prof. Isabel Vidal, Escola Universitaria Estudis Empresariais, Universitat de Barcelona, Diagonal 696, 08034 Barcelona, tel: 34 3 4024463, fax: 34 3 4024473 e-mail: Isabel_Vidal@campus.uoc.es

It is an aim of the meeting to establish a joint research agenda and continuing collaborative and comparative research amongst participants, leading to more effective and innovative policy.

For further information on the two Conferences or to register please contact Alina Pawlowska at the ICA Head Office.

74th International Co-operative Day

(Saturday, 6 July 1996)

Message from the International Co-operative Alliance

Co-operatives for Sustainable Development

The potential of co-operative enterprises to contribute to the alleviation of poverty through the creation of employment and to satisfy certain of society's needs more effectively than either public or private profit-making enterprises have been widely recognised by the United Nations.

One of the ways in which the UN demonstrated this recognition was by declaring, in 1995, that the International Day of Co-operatives should be celebrated every year by Governments in collaboration with their national co-operative movements. In 1996, as the International Community celebrates the Year for the Eradication of Poverty, the UN will again draw the attention of Governments to the significant contribution of co-operatives to reducing poverty and to the need to form partnerships with the Movement.

Co-operatives have always had an impact in the communities in which they operate. Working at the grassroots level they help to bring about sustainable development in the community by empowering their members. The member movements of the International Co-operative Alliance also act globally through their apex organisation and have thus won increased recognition at the international level for their valuable contribution to the achievement of the economic, social and environmental goals of the United Nations.

Concern for Community, a new Co-operative Principle reflecting the impact co-operatives have in contributing to sustainable development within communities, was added to the guiding principles of the International Co-operative Movement in the new Statement of the Co-operative Identity adopted at the Centennial Congress and General Assembly of the International Co-operative Alliance in September, 1995.

Some of the Co-operative Principles have changed little since the movement began over 150 years ago.

The first three Principles: **Voluntary and Open Membership, Democratic Member Control, and Member Economic Participation** are the foundations on which the modern movement was built.

Principle four, **Autonomy and Independence**, has been proven as a necessary ingredient in societies where governments have formerly used co-operatives to enforce their own development programmes and economic plans often to the detriment of the co-operative values of self-help and responsibility.

Principle five, **Education, Training and Information**, has been acknowledged as being of primordial importance, not only for the co-operative members and elected representatives, managers and employees, but also for society at large, especially for those who govern societies, for opinion leaders and for the young people who will become the co-operators of tomorrow.

Co-operative Solidarity, or as stated in the sixth Principle of the Statement of Co-operative Identity, **Co-operation between Co-operatives**, is the potential strength of the international co-operative movement. It is a principle which is becoming increasingly important in the face of the contemporary global economic, social and political trends which societies everywhere are facing.

The International Co-operative Alliance calls upon its more than 760,000,000 members at grassroots level, and also upon co-operative enterprises and organisations at local, regional and national level, to consider not only how to improve their own situation, but also to devote significant energy to promoting new co-operative enterprises in their own and related fields.

The ICA moreover calls upon its member organisations and specialised organisations in the fields of agriculture, banking, consumer co-operation, energy, fisheries, health, housing, insurance, trade, tourism and industrial and artisanal production, as well as its committees working in the fields of communications, human resource development, co-operative research and the promotion of equal opportunities for women in co-operatives, to work together to build a strong, united movement which can help make tomorrow's world a better place for future generations.

Message from the International Federation of Agricultural Producers

on the

International Day of Co-operatives

Saturday, 6 July 1996

The International Federation of Agricultural Producers congratulates the International Co-operative Alliance for its success in establishing the International Day of Co-operatives as an event to be celebrated every year.

The United Nations' acceptance of ICA proposal for this day is indeed an achievement for peoples' representative organizations who need their co-operatives and co-operative spirit more than ever in the current context of liberalisation.

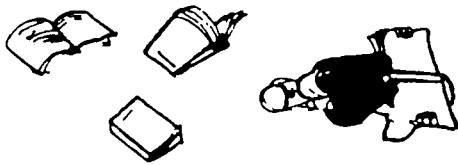
This is a decade which favours increased incentives and advantages to private business. Restrictions to the flow of goods and flow of capital among countries are being lifted. Important economic and technological forces are in play, with often unpredictable and socially unacceptable results.

On this International Day of Co-operatives, it is indeed a pleasure to stress that broad membership based peoples' organizations, such as producer and consumer co-operatives, represent an economic force which is not only strong and businesslike, but is a force which is democratic and caring for communities.

As sister organizations, IFAP and ICA must never forget the scale of economic force that they represent from grassroots to the international level. They need to be even closer to each other, be even closer to their members and become an even stronger force for the future.

Indeed, as governments retreat from agriculture, more responsibilities fall on farmers' organizations and farmers' co-operatives. Farmers' co-operatives must be enabled to take over agricultural services previously run by the state. Farmers' co-operatives and farmers' financial institutions need to be strong so as to enable farmers an easier access to financial instruments and a greater proportion of value added in the food chain.

The International Day of Co-operatives, above all, is about giving people a chance, so that by organizing themselves they can make the best use of market forces, and of the authority of governments, in a co-operative spirit. As the International Federation of Agricultural Producers, we wish all co-operators well and look forward to continued collaboration.



Book Reviews

Co-operative Principles for the 21st Century

by Ian MacPherson, (ISBN 92 9054 007 9) is a full-colour A4 72-page volume containing over 150 photographs illustrating the work of co-operatives worldwide. Price: CHF 40.00 for single copies, plus postage which will be added to pro forma invoice. Special discounts for large orders.

This work is a fitting finale to the odyssey on which my predecessor embarked nearly a decade ago. Lars Marcus initiated the debate on Co-operative values at the Stockholm Congress in July, 1988. Thus began the process of reviewing the principles which had stood unchanged for thirty years. Anyone with any understanding of the Co-operative Movement internationally will know that, in the intervening period, the early dominance of the European Movements has been counter-balanced and in a number of sectors outpaced by vibrant Asian and Pan American Co-operative Movements. Indeed, more than two-thirds of the individual Co-operative membership of the ICA - some five hundred million Co-operators - are drawn from the Continent of Asia.

When the founders of the ICA came together to organise the London Congress of 1895, they were representative of three basic types of Co-operative association, namely the Consumers' Co-operatives, the Workers' Co-operative

Productive Societies and Credit Co-operatives, emerging respectively in Britain, France and Germany. How far the Movement has travelled internationally since then! The Movement today comprises at least twelve strong economic sectors. This beautifully illustrated book amply demonstrates the colour, diversity and dynamism of the work, products and services of Co-operatives across the world.

The review of principles, which is the third such project in the hundred years of the life of the ICA, has fallen neatly into three phases - the first, as I have indicated, launched by Lars Marcus. And the pilot on board for the second phase was another distinguished Swede, Sven Ake Bööck, whose encyclopaedic report - "Co-operative Values in a Changing World" - was debated intensively at the Tokyo Congress in October, 1992.

On the bridge of the ship for the final stage of the voyage was the Canadian whose name appears on this publica-

tion. Professor Ian MacPherson's patience, good humour, empathy and academic distinction combined brilliantly in concert with the thoughts and contributions of Co-operators worldwide to produce for the Manchester Congress in September, 1995, the plain and thoroughly up to date "Statement on the Co-operative Identity". For the first time, the nature of a Co-operative is defined.

The Statement goes on to set out the values on which Co-operatives are based and concludes by enunciating the principles which today's Co-operators follow to put these values into practice. The ICA faced the risk of giving birth to a statement so complex that a thousand Professors would have been insufficient to interpret it to our members. But, happily, one Canadian Academic, consulting internationally,

taking stock of views and experiences from all Co-operative sectors, has worked the oracle. It must surely stand the test of the next hundred years in the life of the International Movement.

This Statement combined with the background chapter on the thinking behind the principles, and the panoramic vision of Co-operation into the Twenty-First Century built on its Nineteenth Century heritage and Twentieth Century reality, makes this material essential reading for every Co-operative practitioner.

I commend this book to members of the International Co-operative Alliance wherever they may be and, in turn, to their members and to all who believe in the values of mutual self-help and working together.

Graham Melmoth

A Thematic Guide to ICA Congresses

by Dionysos Mavrogiannis and Rita Rhodes, (ISBN 92 9054 002 8), published in the ICA series, Studies and Reports, 206 pp., price CHF 20.00.

The reports of the 31 Congresses held between 1895 and 1995 are a summarised history of the 100 years of existence on the International Co-operative Alliance. It records the issues, decisions and the personalities which have shaped

the evolution of the ICA as the representative of the world-wide co-operative movement.

This guide summarises and analyses the main themes, reports, discussions and resolutions from

each of the 31 Congresses. A number of common themes reappear - co-operative principles, trade, and information being the most frequent during the earlier years. Later they were joined by development issues - education, training, and relations with government - as the ICA's membership expanded in Asia, Africa and Latin America.

The guide also serves as a historical summary of the Specialised Bodies which exist within the ICA structure. Through their Congress reports the reader can follow the evolution of the sectoral organisations (agriculture, worker-production, consumer, fisheries, housing, banking, insurance, distributive trade, tourism and energy) and the functional committees

(communications, research, human resource development and women) which today form an important part of the ICA structure.

The document, with its frequent annotations and page references from Congress reports, will also serve as a useful guide to co-operative researchers and historians.

Through their focus on the themes which have dominated ICA's work and thinking for 100 years, the authors demonstrate the high level of policy debate that has taken place over the years among its leadership, and which has been a major factor in the longevity of the International Co-operative Alliance.

Gabriella Sozanski

Gender Issues in Co-operatives: an ILO - ICA Perspective

The Training Package includes a pamphlet, a Manual and a Training Module, Transparencies and poster. Copies available from the Cooperative Branch, International Labour Office (ILO), 4 route des Morillons, CH-1211 Geneva 22, Switzerland, Tel: + 41 22 799 74 42, Fax + 41 22 799 85 72.

The idea to develop a 2-hour introductory session on gender issues in co-operatives for cooperative leaders and policy makers originated from discussions on gender issues held at the third Working Session of the ILO COOPNET Programme. The COOPNET Programme (Human Resource Develop-

ment for Cooperative Management and Networking), collaborates closely with the International Co-operative Alliance (ICA) in programme activities. The ICA is an independent, non-governmental association which unites, represents and serves cooperatives worldwide. Both the ILO COOPNET Programme

and the ICA are committed to the promotion of gender integration in cooperative human resource development (HRD).

After the COOPNET Working Session, the ICA was commissioned to develop a guide to enable the users (trainers or moderators) to design a 2-hour introductory session on gender issues in cooperatives. A general outline for the guide was discussed and inputs provided by cooperative leaders and policy makers from Asian and African countries who attended an inter-regional workshop at the International Institute Histadrut (IIH) in Israel in November 1994. This workshop on "Gender Issues in Cooperative HRD: From Theory to Practice", was organized by the ILO in collaboration with the ICA and IIH.

The enhanced participation of women in cooperatives and the benefits for cooperatives of involving women as equal partners in cooperative development are issues that are given special attention in the guide. The main aim of the 2-hour sessions for cooperative

leaders and policy makers is therefore to generate increased gender awareness and to encourage the integration of gender issues in cooperative development.

It is important to note that this guide should be used as a tool to facilitate the planning and design of gender sensitization sessions. It outlines the possible contents of these sessions and includes additional background information on gender. The complete "package" contains a sensitization module accompanied by transparencies which will assist the user in the preparation of the session. The package also contains a poster which can be displayed to promote the sensitization session, and leaflets which can be distributed to participants after the session.

Finally, it should also be mentioned that the initial draft guide was tested by professional trainers and institutions in several countries in Africa, Asia and Latin America. Their comments and inputs were greatly appreciated and have been extremely useful in compiling the final version.

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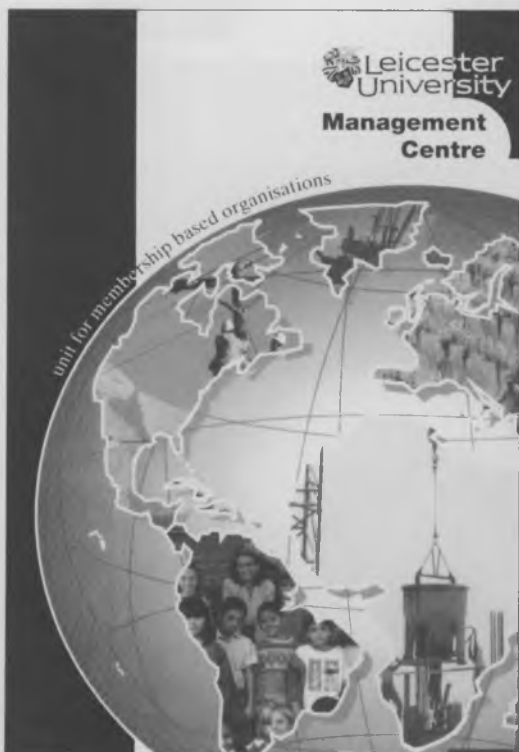
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ica

REVIEW OF INTERNATIONAL CO-OPERATION

Visit the ICA International Co-op Web site at:

<http://www.coop.org>

for information on the International Co-operative Alliance and details of its rules, structure, activities and sectorial organisations (Specialised Bodies).

Data is also available on the history and current information about the international movement, co-operative publications and co-operative issues. Additionally, there are links to websites worldwide in all sectors of the economy, sites on international organisations and business information of interest to co-operatives, plus useful internet software and training materials on internet and web development, easy access to the ICA/UWCC Co-operative Gopher and much, much more.

All information is available in English, plus newly available web pages in French and Spanish.

Or visit the ICA/UWCC Co-operative Gopher at:

<gopher://wiscinfo.edu:70/11/.info-source/.coop>

Opinions expressed in this publication are not necessarily those of the leadership and management of the ICA.

Contents may be reprinted without permission, but citation of source is requested and three copies of the publication concerned should be sent to ICA Review, 15, route des Morillons, 1218 Grand-Saconnex, Geneva, Switzerland.

The length of articles submitted should be a maximum of 10 pages typed in double spacing. If possible, please submit both a hard copy and a disquette stating which word processing software was used on IBM compatible or Macintosh hardware or E-mail to treacy@coop.org

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Editorial

1996 has been another year of changes following a successful Centennial Congress in Manchester. The organisation is evolving rapidly to keep pace with its growing membership and diverse needs. Changes taking place over the past decade have meant that the ICA and its members have had to combine efforts to reposition the co-operative model within new economic, political, social and commercial realities, both at the international and national level. For example, the ICA interceded with national governments on behalf of the



movements in the newly emerging economies of East and Central Europe at the express request of its members. The fast growing membership areas of Asia and the Pacific and the Americas have required in some cases a sectorial, and in others a business oriented approach, and the ICA offices in these regions have continued to adapt and respond to member requirements in these Continents. In Africa, the need for co-operative development is pressing and the ICA is responding by creating partnerships with a variety of organisations.

The ICA Secretariat in Geneva has been enlarged to respond to the increasing requirements of its members with the addition of two new posts, that of Development Director which will be filled by Bjorn Genberg from the Swedish Co-operative Centre, and that of Senior Adviser which has been filled by Mats Ahnlund, former Director of Co-op Network, and the secondment of Won-Sik Noh from NACF in the Republic of Korea to work on agricultural matters.

The Communications Programme has also changed over the past years to respond to new opportunities and the challenges of the coming millennium. We have tried to reflect the changing environment through the choice of themes covered in the *Review of International Co-operation*. However, budgetary constraints which require the *Review* to report to members on ICA activities and meetings means that several issues have to be dedicated to ICA matters. For example, this *Review* covers the European Regional Assembly which was held in Hungary in October this year, including also one of the papers presented at the

Communications Seminar organised at the same time by ICA's Communications Committee. For this reason we decided this year to reserve one issue for the Research Committee so that readers can take advantage of a selection of the best papers presented in this forum, reflecting the most pressing concerns of the movement as it heads towards the new century. This collaboration was a great success and will be repeated in future years. The ICA also has the intention of setting up an Editorial Advisory Board to advise the Editor and suggest themes and authors and specific papers.

The *Review of International Co-operation* is also published on the ICA World Wide Web Site and on the Co-operative Gopher at the University of Wisconsin.

The ICA has taken advantage of the opportunities provided by the Internet, particularly the World Wide Web, to reach a wider audience through the electronic publication of promotional materials, documents of historical relevance, publications and research papers.

In 1996 the *ICA News* was also published in a Spanish Edition which along with the Spanish version of the *Review* is available from Intercoop Editora Cooperative Ltda in Buenos Aires, Argentina.

In 1997 efforts will continue to increase the number of languages offered through the publication of a French version of *ICA News*, with a French version of the *Review* scheduled for 1998.

Readers' views are always welcome by addressing a fax to the Editor at the following number (+41 22 798 41 22) or by mail or E-mail to treacy@coop.org

Please visit also the ICA Web Site at <http://www.coop.org>. Feedback on the site has been extremely positive and encouraging as it is considered to be "an endless source of information to those of us who are hooked on co-operatives", as recently expressed by an Education Consultant to Co-operatives in Canada. Readers' views on the further development of this site would be welcome as would the contribution of pages or documents for the ICA/UWCC Co-operative Gopher, which can be viewed by visiting: <gopher://wiscinfo.edu:70/11/info-source/coop>.

We hope our readers will be particularly active in 1997.

The ICA Director-General and his colleagues would like to take this opportunity to wish readers of the *Review of International Co-operation* a

Happy New Year!

ICA Regional Assembly for Europe

30 October 1996

Budapest, Hungary

Draft Minutes

Opening Ceremony

The ICA Vice-President for Europe, Lars Hillbom, opened the meeting by asking participants to stand for a moment of silence in tribute to the co-operators who passed away since the Regional Assembly of Prague in 1994.

Mr. László Lakos, Minister for Agriculture spoke on behalf of the Prime Minister, Gyula Horn. He thanked ICA for its support in encouraging the democratic transformation of co-operatives in Hungary. He referred to his personal commitment to the co-operative movement, being a member of a co-operative where he started to work after university and of which he had been elected president before he became minister. He confirmed that the government pursues a co-operative-friendly policy but pointed out the existing tension caused by the political, social and economic transformation in view of joining the European Union. Regarding the new co-operative law drafted by the government he admitted that this text, lacking co-ordination with and agreement of the co-operative federations, had been removed from the agenda of the following government session. In relation to ICA's priorities he underlined the particular importance of the programme supporting co-operatives in Central and Eastern Europe and that of improving the image of co-operatives.

The President of the National Co-operative Council of Hungary, Tamás Nagy, welcomed participants to Budapest. He stressed the difficulty for co-operatives in getting integrated into the market economy without losing their identity and underlined the social responsibility of co-operatives. Speaking about ICA he also thanked it for the support of co-operative experts and asked for further assistance for shaping the future of co-operatives.

Official Business

Lars Hillbom, who chaired the meeting, introduced the agenda as circulated to members on 18 September. The agenda was approved.

The Minutes of the Special Regional Assembly held in Manchester, on 19 September 1995, circulated to members on 9 October 1995 were also approved.

Activity Report and Priorities for Europe

Lars Hillbom then reported on the activities and priorities of the European Region since the Special Regional Assembly held in Manchester. He referred to the implementation of the priorities and other activities also published in the Annual Report of ICA which was distributed in Budapest to all registered participants of the Regional Assembly. He spoke about meetings he or the Secretariat had attended including ICA Board meetings, visits to several co-operative movements with special reference to his recent trips to Poland, the Slovak Republic and Russia.

In connection with the Board meetings he reported on the activities of the Special Committee on Rules and Finance; the decision on the establishment of the Development Trust Fund with headquarters in Luxembourg; changing the venue of the 1997 General Assembly with the main topic of "civil society"; and the next Board meeting scheduled for April 1997 in Uganda.

Talking about other regions he referred to the assemblies in Asia and Africa and the upcoming Regional Assembly to be held for the American Region in Costa Rica.

With reference to collaboration with the European Union he underlined that it had become necessary for ICA Europe to define its role and design a strategy vis-à-vis the organisations of the European Union. He informed the Regional Assembly about the decision of the European Council the day before on requesting the Secretariat to draft a strategy.

Lars Hillbom informed members about the closing of the Co-op Network for Co-operative Development in Eastern and Central Europe following the decision of the European Council in March 1996 and confirmed that the activity would go on within the framework of ICA Europe according to the recommendations of the Working Group on East-West collaboration.

A brief account was given on meetings organised prior to the Regional Assembly in collaboration with the International Raiffeisen Union (IRU), specifically the ICA-IRU joint Board meeting and the Seminar on financial co-operatives.

As regards future activities he informed the Assembly that ICA Europe will also have to prepare a four-year plan, similarly to other regions. As far as the work plan for 1997 is concerned he mentioned three Seminars scheduled for next year, namely:

- * one within North-South collaboration on project evaluation,
- * another one on the enlargement of Europe and its effects on co-operatives,
- * and the third one on Euro-Mediterranean co-operation.

Interventions:

Ivar Hansen (Norway) confirmed that it was a decision of the Co-op Network's Board to cease to exist as an organisation and he recommended to use the experience and enthusiasm of those involved in the Network.

Mr. Naka (Japan) stressed the social responsibilities of co-operatives in addition to their being business organisations and assured ICA of the continuous support of his co-operative as regards development in Central and Eastern Europe. He also distributed a summary on the activities of Osaka Izumi Co-operative.

The activity report was accepted.

Welcoming New Members

The Chairman informed participants about the admission by the ICA Board of two European organisations, the Apex Organisation of Maltese Co-operatives and the Co-operative Federation of Bosnia-Herzegovina. He gave the floor to the President of the latter who expressed his thanks to ICA for its solidarity and positive decision. He explained briefly the extremely difficult situation during the war and the burning need for assistance in relaunching co-operative activities after the war.

Report of the Working Group on East-West Collaboration

Dr. Hans-Detlef Wülker, chairman of the Working Group (WG) informed the Regional Assembly about the activity of the WG since its establishment by the European Council in March 1996. He referred to the aim of the WG, namely making recommendations facilitating the definition of the strategy ICA Europe should follow in respect of its policy assisting co-operative development in Central and Eastern Europe.

Dr. Wülker explained the working method and activities of the Group. Due to time constraints, members had agreed to start the work through correspondence. In order to improve transparency, a questionnaire had been sent out to all European member organisations in East and West as well as to the sectoral associations, enquiring about their ongoing project activities and needs. Based on the evaluation of the replies Dr. Wülker had prepared a discussion paper which was thoroughly discussed at the meeting of the Working Group in September in Geneva. This had enabled Dr. Wülker to draft the enclosed report previously co-ordinated with the WG members. The recommendations of the Group are briefly as follows:

- a) ICA should strive to have "policy dialogues" with governments – together with other international co-operative organisations – in order to improve the environment for co-operative development.

- b) ICA should function as an intermediary agency and clearing house of information for the benefit of its members.
- c) At the request of its members ICA can be involved as co-partner in bilateral projects.
- d) If there is a need expressed by a member for ICA to take part in international tenders, clear rules are to be set for regulating its relations to members involved in development activities in order to avoid competition. ICA should never act as a consulting firm.
- e) ICA should update its information base annually by circulating similar questionnaires.

Dr. Wülker concluded by saying that the WG had fulfilled its task and now it was the responsibility of the European Council to define the strategy ICA Europe should follow as regards its policy vis-à-vis Central and Eastern Europe.

The chairman opened the floor for discussion.

Edgar Parnell (UK) welcomed the report and agreed that ICA should not compete with its member organisations. He emphasized the need for practical business development assistance instead of too many seminars. He referred to cases of technical assistance provided by private consultancy companies which were only in it for the money, not knowing what a co-operative was. He stressed the need for a strong lobby at national and European level, and possibly also with the World Bank institutions. Co-operatives and co-operative members, he said, are all substantial tax-payers and should have their share from technical assistance funds earmarked for supporting the re-birth of co-operatives. In view of keen competitors he called for an immediate joint action to help co-operatives in Central and Eastern Europe in their preparations for joining the European Union.

Etienne Pflimlin (France) expressed appreciation for the work of Dr. Wülker and his group providing guidelines and thus, facilitating the definition of a strategy. He did not totally agree with Mr. Parnell regarding the role of Seminars.

The Regional Assembly accepted the report. Mr. Hillbom also expressed his thanks to the Working Group.

Confirmation of Nomination for ICA Vice-President

The Chairman gave the floor to Raija Itkonen in order to explain this agenda item. Ms. Itkonen reminded delegates of the election of Lars Hillbom as Chairman for the European Region at the Special Regional Assembly held in Manchester in 1995. She said that, as the Chairmen of the different regions are at the

same time Vice-Presidents of ICA, in compliance with the ICA Rules, the nomination of Mr. Hillbom to the post of ICA Vice-President needs to be confirmed by the Regional Assembly. Ms. Itkonen proposed delegates to accept the nomination of Mr. Hillbom. Her proposal was unanimously accepted.

Address by Graham Melmoth, President of ICA

In his address Mr. Melmoth compared activities going on in the other regions with those of Europe and spoke about priorities set by the ICA Board. As a follow-up to the motion on gender equality he hoped for a better gender balance at the next elections of the ICA Board taking place in 1997. He referred to the Development Trust Fund and an advisory committee helping its activities. Speaking about improved membership relations he mentioned the questionnaire which had been sent out inquiring about members' needs and encouraged representatives to give their opinion. He stressed the need for closer relations with the specialised organisations. Mr. Melmoth acknowledged the welcome of Mr. Nagy, President of the Hungarian National Council of Co-operatives and the lecture of Mr. Bod (EBRD) given at the IRU Seminar on the difficulties of transformation in Central and Eastern Europe. Finally he expressed his appreciation of the dynamically developing European activities under the chairmanship of Mr. Hillbom.

Message of Árpád Göncz, President of Hungary

The message of the President of Hungary addressed to the Regional Assembly was read out by Z. Szöke, Vice-President of Co-op Hungary. In his greetings Mr. Göncz stressed how significant it was for the Hungarian co-operative movement that the ICA had chosen Budapest as its venue. He mentioned national anniversaries of 1996 – 1100 years of Hungarians' settlement in the Carpathian basin and 40 years since the revolution in 1956 – as sources of strength for the people in the difficult period of social transformation and adaptation to the market economy.

Main topic: "Corporate Governance and Management Control Systems in European Co-operatives"

The afternoon session was devoted to the topic of "Corporate Governance and Management Control Systems in European Co-operatives".

There were six speakers who addressed the theme from different aspects. Ivano Barberini, President of LEGA, Italy, explored the requirements of both internal and external controls. Pál Bartus, President of the National Federation of Consumer Co-operatives, Hungary, talked about management control experiences in a country of transition. Raija Itkonen, International Manager of FNCC, Finland, spoke about her views on co-operative corporate governance including the gender aspect. Andreas Nicolaisen, auditor, Denmark, concentrated on the auditors' responsibilities related to reports to the members. Etienne Pflimlin,

President of the National Confederation of Crédit Mutuel, France, referred particularly to technical and democratic controls in the European co-operative banks. Steinar Sivertsen, Deputy Chief of Co-op Norway, dealt with Governance issues as seen from a Management perspective.

After every two speakers the floor was opened for discussion and the six lectures were followed by a panel discussion. The discussion was facilitated by Lloyd Wilkinson, Chief Executive Officer of the Co-operative Union of the United Kingdom.

Following the interventions, questions and comments of 15 participants, the discussion was summarized by Mr. Wilkinson and as a conclusion, a statement – attached to these minutes – was distributed to the participants.

Lars Hillbom asked delegates to adopt the statement and suggested co-operative member organisations use them as guidelines in their work for the improvement of corporate governance and management control systems. The statement was approved.

Date and Venue of the Next European Regional Assembly

Lars Hillbom announced that the GNC (Groupement National de la Coopération) had offered to host the next Regional Assembly in France, probably in Paris, in autumn 1998. The representatives accepted the invitation.

There being no other business the Chairman closed the meeting of the Regional Assembly for Europe.

Statement of the Regional Assembly for Europe on Corporate Governance and Management Control Systems in European Co-operatives

Budapest, 30th October 1996

1. The review of Corporate Governance and Management Control Systems in European co-operatives has been one of the top priorities within the work of ICA Europe – all the more so as many co-operatives had experienced grave problems which have threatened to undermine the profile and identity of the whole co-operative movement.

References are made to the 1994 ICA Report on Corporate Governance and Management Control Systems in European Co-operatives; to the Code of Best Practice adopted by the British Consumer Co-operatives in 1995 and to the papers, presented on the Regional Assembly 1996 in Budapest. This documentation is available through ICA channels.

2. The Regional Assembly (RA) acknowledges the vital importance of good governance and management control systems for the future existence and well-being of the co-operative system, enabling members actively to participate in setting policies, making decisions and controlling results.

In this context it has to be recognised that the main objective of co-operatives today, as in the past, is to promote the common economic, social and cultural interests of their members – as it was underlined by the statement on the Co-operative Identity adopted on the ICA Congress in Manchester, October 1995. An efficient business operation is therefore an absolute must to reach the targets for member promotion.

3. Ready-made solutions to improve corporate governance and management control systems are not available. The RA recommends that the individual societies and their Boards carefully consider their own situation related to broad guidelines and, if necessary, draw up and implement the necessary measures. Changes can only be made locally.

4. The RA underlines the decisive role of the elected members in the Governing Bodies, especially in the Boards, within the democratic structure of co-operative societies.

- An open and easily understandable election procedure is required and contested elections are desirable, and should be encouraged.

- The elected members should be made fully aware of their duties and responsibilities, which require their involvement, the need for appropriate qualifications, and regular training programmes.
- There should be a clear-cut division of legally binding responsibilities between the Governing Body (the Board) and Senior Management (the Chief Executive) set out in the society's rules and/or standing orders where the law does not provide for it.
- Details of working procedures in Boardrooms, Executive and Board remuneration, key information and figures regularly supplied by the management should be open in each co-operative society.

5. In co-operative societies, the RA recommends efforts should be made to elect more women to the Governing Bodies thus securing a better representation and participation of members.

6. The reports of external and internal audits are of great help for the control of the business operations of the individual society. These should be thoroughly evaluated by the Board and discussed with the top management.

7. Only a minority of members are able to participate actively within the Governing Bodies. The RA sees it therefore of utmost importance that the societies develop and introduce new ways of information, consultation and control as already adopted by consumer co-operatives and societies in some other sectors. In addition members should receive on a regular basis information about their society and other co-operative matters.

8. The RA would encourage each member organisation to introduce a Co-op Code of Best Practice – similar to the Code adopted by the British Consumer Co-operatives, with the objective of helping societies to redefine the duties and responsibilities of the Governing Bodies and Management, to make governing and control issues more transparent and to formulate strategies to achieve this.

The Supervision, Auditing & Control of Co-ops in Italy

by Ivano Barberini*

The control system of the co-operative movement in Italy is based upon the control imposed by the law and self-regulation set out by ANCC/Lega.

The control envisaged by the Italian legislation derives directly from our Constitution which reflects both recognition of the co-operative's social function and the State's engagement to promote co-operative development. Article 45 of the Constitution states "The Italian Republic acknowledges the social function of Co-operation with non-profit and mutual character. The law promotes and enhances its growth with the most suitable means, as well as it assures, by the relevant controls, its character and goals".

Almost 90% of the co-operative surplus is allocated to indivisible tax-free reserves allocated to attaining the above-mentioned goal.

The supervision and auditing on the Italian Co-operatives is entrusted to the Ministry of Labour and Social Security, which, in its turn, delegates this



activity to the co-operative apex organisations.

The supervision and controlling bodies established for this purpose are the Ministry of Labour and Social Security, the Central Commission for Co-operatives, the District Supervision Commissions and the National Apex Co-operative Organisations. This control activity is implemented through two types of auditing:

Ordinary auditing is carried out by the Ministry of Labour, usually for the co-operatives which do not adhere to any apex organisations, and the national apex organisation which the co-operative is affiliated to. It verifies compliance both with rules and procedures established by law and by the co-operative standing orders, and oversees

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the administration and book-keeping, technical set-up and activities of the co-operative as well as the assets and liabilities of the Society.

Special auditing is carried out whenever the Ministry of Labour has evidence of irregular or incorrect functioning of the co-operatives

A further control is established by the Law No. 59/1992, obliges the larger co-operatives to submit a certified financial statement:

In 1995:	No.
Certified co-operatives	358
Non co-op societies certified	248
Brokerage houses:	283

These data show the extent and rigour of the control activity on the Italian co-operatives.

The special disciplinary measures which the Ministry of Labour can take after the ordinary and special auditing include issuing warnings to the co-operative to regularise its situation, the removal of managing directors and the dissolution or liquidation of the co-operative.

ANCC & Lega Control Systems

I have already pointed out the provisions and procedures established by the Italian legislation on this matter, but, besides this, the Movement has developed a set of projects aiming at promoting member participation, transparency, respect of institutional

goals and responsibility towards stake holders.

Member Participation

There is a relevant engagement devoted to enhance and promote the members' involvement and participation through ordinary meetings which verify estimates and consolidate balance sheets, strategic plans development programmes; evaluate membership activities and campaigns such as environmental protection, assess restructuring processes.

There are 1,000 meetings convened annually, with over 100,000 participating members and approximately 15,000 members taking the floor.

Over 10,000 members are active at the regional level, in the Board of Directors and "Membership Service Departments" located in the outlets (meeting and listening points).

Apart from control procedures and the identification of policy guidelines, their main focus is on activities involving schoolchildren, young people and the elderly.

Member participation is significant but not satisfactory and the movement is continually looking for new ways of increasing member presence in order to increase the participation in democratic control activities as well as in working out policy guidelines for the co-operatives.

New technologies, such as the Internet, will allow an increased level of interaction with the members.

The participation and control procedures established by the Movement aim to increase confidence between members and their co-operatives and strengthen Co-operative Identity.

A social audit is made of all the main information and control (i.e. the Co-op financial statement including the initiatives and resources allocated to social and public utility projects), which distinguishes the different levels of control: the auditing, the corporate governance bodies, balance-sheet certification.

The whole movement is auditing in this way, and not only the individual co-operatives, ensuring adequate parameters for measuring results as well as accurate participation figures. This enables the Movement to increase the involvement of the target groups, to listen to what members have to say and to represent the movement efficiently at national and international level, effectively communicate the distinctive features of co-operatives through accurate and transparent information".

A further step towards effective control is taken by the definition of standards and through the evaluation of social objectives, through the identification of index numbers, through methods to evaluation social performance and the application of economic theories to the co-operative framework (today it is irrelevant).

This acts as a stimulus for discussion and the development of a conceptual reference model and gives occasion for

the establishment of relationships and the exchange of opinions with national and international universities.

Conclusion

The controls established by the Italian legislation and the apex organisations contribute to the achievement of institutional goals and to management transparency before members and third parties.

The following scheme shows the main components of the control function.

Principles, sources and features of self-regulation

The guidelines should not be intended as a bond establishing a rule of technical and procedural nature, rather as a reference basis for co-operatives both at the strategic management level and the legal - institutional one; a reference based on the awareness of the social and economic function of co-operation.

They draw inspiration from transparency principle as a value intrinsic to Co-ops social behaviours.

They are founded on the coherence principle as a link among mission, programme and results.

They are inspired through a sharing of common principles and their practical application in daily activities. And finally, they emerge from the resolve to set up a reference basis upon which should be focused the managing and control procedures in order to make them coherent and functional to the co-operative mission.

The Hungarian Perspective

by Pál Bartus*

Changing Times

A new era began in Hungary in 1990 following the democratic general elections. This date marks the creation of the constitutional state when a series of substantial laws were formed. In the co-operatives, these changes were the catalyst for an internal renaissance and adjustment to a new economic and social environment. Goals and tasks based on the new co-operative principles are enabling consumer co-operatives to cope with the ever-increasing economic competition to serve the interest of their members and remain substantial players within the Hungarian economy.

Basic Values & History

The co-operative movement first emerged in Hungary in the middle of the 19th century and was regulated under the law on commercial activities.

Consumer and retailing had the most rapidly growing areas of expansion. Working in the given market situation, co-operatives protected the interests



of their members, and improved the living conditions of the people.

Besides selling and purchasing, the co-ops extended their activities to agricultural production, food processing, and providing credit and other services.

After 1948, consumer co-operatives, the newly-founded farming co-operatives and later, their legal successors, the consumer and marketing co-operatives were able to preserve the most important co-operative principles, such as voluntary and open membership and democratic self-governance, in spite of some of the activities imposed on them by the State. However, the co-ops endured strong political pressure and the movement was used as a tool in the process of consolidating the one-party political system.

* Mr. Bartus is President of Co-op Hungary, member of the ICA Audit and Control Committee and ICA European Council. He and his team were most welcoming hosts during the Regional Assembly for ICA Europe in Budapest in October 1996.

The change of regime in 1990 and the law on co-operatives in 1992 did not modify the co-operative system of corporate governance and management control. The ICA statements concerning these fields can still be found in Hungarian co-operative practice.

The Autonomous System of Hungarian Consumer Co-ops

The consumer co-operatives have developed in different forms according to the needs of their vast membership. Their operational rules are defined by the statutes and different internal regulations, within the framework of the law on co-operatives.

The basic institution of consumer co-operatives is the general assembly which comprises regional assemblies from different parts of the country and decides on fundamental issues, such as mergers, splitting up, winding up of operations and transformation. The regional assemblies elect a delegates' meeting to determine the business and social activities of the co-operative and ensure that resolutions are implemented.

This body also elects the board of directors and the chairman, who is, at the same time, the chairman of the co-operative. The importance, role and social influence of the chairmen, both locally and regionally, is based on their democratic election.

The Supervisory Committee, elected from members, and its separately elected chairman, ensure that tasks are carried out correctly.

Control and Supervision

During the six to seven years of the transitional economy, it has become clear that it has been difficult for the management of the former state-owned companies and socialist-type co-operatives to adapt to the market economy. This is because membership of the board of directors of a co-operative can stem from decades of personal relations, rather than qualification or expertise.

During the transitional years, the restitution of property posed a great challenge for the co-operative management. It was a difficult task to operate the property of their co-operative effectively in intensifying market competition and they could observe the privatization process, which was controlled centrally, but, in a lot of cases, happened spontaneously. The possibility of following suit and making their own fortune obviously occurred to them and, unfortunately this possibility still exists today, therefore greater corporate supervision is imperative. Management of property should be strictly separated from corporate supervision in order to protect the property of the members.

However, these two activities have often been combined and the profit-orientated operation of property has not been clearly separated from the social-type protection of co-operative property.

As mentioned in the ICA study, the background paper on Corporate Governance and Management Control Systems in European Co-operatives, the

rotation of officials within elected bodies is low and this needs attention so that the co-operatives of the next millennium can be led by highly educated young people. I am not suggesting that all experienced elderly officials should be removed from elected bodies, however, I advocate a policy whereby more young people are given the opportunity to become involved in decision-making and leadership.

The relationship between the board of directors and the supervisory committee is controversial. In practice, the board of directors, or, in the case of one-man leadership, the chairman, does not have close contact with the supervisory committee, nor keep members informed or involve them in the decision-making process.

During the 1990s, co-operative management has increasingly come into conflict with the body responsible for exercising social supervision and protecting the interest of members.

As a result of the personification of assets and decreasing membership, the influence of the management on the property grew, members interests were pushed into the background as making profit became the priority. This situation was exacerbated because competitors in the market attacked the co-operatives with all the tools of market competition.

Supervisory committees should be made up of professionally trained and morally blameless individuals and Co-

op Hungary supports efforts to organize training for members and chairmen of supervisory committees.

Co-operative Managers are not very responsive to the problems of members or interested in finding rapid solutions to these and the size of many co-operatives impedes effective member relations.

This means that the role of the regional executive committees is pivotal since they are the ones who can inform the management about their experience at members' meetings.

The ICA also mentions the compensation of officials. Hungarian experiences show the work of boards of directors and supervisory committees improves if their members are adequately compensated, depending on the size of the co-operative, the level of income, the number of officials, etc.

Great Expectations

From January 1997 a new law on co-operatives will regulate our co-operative affairs and co-operative supporters have great expectations about this new legislation.

- The new law has to reflect the *raison d'être* of the co-operative which is built upwards from the grassroots, starting from the co-operative member who bears a double identity: on the one hand, he or she is an owner of the co-operative and, on the other, a customer.
- The law has to assist the process of personalising the assets, a political act which should soon finish. The

goal is that the proportion of indivisible assets of the co-operatives should increase within the global co-operative assets to ensure the greater cohesion of the business in the market place and to clarify the interests of members.

- In the course of the transformation process, the external business share has been institutionalised, a development which is completely alien to the co-operative system. It means that ownership of the co-operative passes from the hands of members, as the owner of the external business share has acquired his shares through direct purchase or by right of inheritance. We expect that the new law will eliminate external business shares and the government will assist co-operatives to repurchase these.

- It is anticipated that the new law will clearly and consistently represent the co-operative as an economic entity. It can do this in two ways:

1. The law could give the definition of a co-operative (without differentiating between producer or consumer co-ops), allowing the co-operatives to specify their particular characteristics, or

2. the law could define the characteristics of different types of co-operatives, that is, deal in a separate chapter with consumer and producer co-ops.

The consequent implementation of either method will enable the Hungarian co-operative system to ef-

fectively compete in a changed market economy following clear regulations and to some extent in a protected environment.

- I mentioned earlier that co-operative regulations do not facilitate effective corporate supervision. So we expect the law to enable the national and regional federations to supervise the activities of the co-operatives and their management.

- The need for integration is increasing due to the changing economic climate and the new law should facilitate integration process by creating simple and clear regulations.

Nowadays the Hungarian co-operatives and organizations representing their interests expect the Government of the Republic of Hungary to declare unambiguously and irrevocably that it considers the co-operative movement to be an integral part of the Hungarian economy and society. This can be achieved by involving the co-operative federations in the drafting of the new legislation and thereby taking advantage of their expertise and considering their point of view.

The holding of the ICA Regional Assembly in Budapest and the international co-operative solidarity extended to us are a great support in our efforts.

Our greatest goal is that the Hungarian Co-operative movement should remain a strong and successful member of the European Co-operative movement.

My Views on Co-operative Corporate Governance

by Raija Itkonen*

Preface

What do we mean by corporate governance? Does co-operative corporate governance differ from that of other forms of enterprise? Those were the questions I asked myself when I was invited to make this contribution.

In my opinion the purpose and objectives of co-operatives provide the framework for co-operative corporate governance. Co-operatives are organised groups of people and jointly managed and democratically controlled enterprises. They exist to serve their members and to produce benefits for them. Therefore, co-operative corporate governance is about ensuring co-operative relevance and performance by connecting members, their elected representatives, management and employees to the policy, strategy and decision-making processes. Good co-operative corporate governance is greater owner involvement in direction and control.



What Has Gone Wrong?

Power and decision-making in co-operatives are all too often concentrated at the top in too few hands. Co-operative performance has for a long time been characterized by lack of participation and sense of involvement. Statutory governing bodies exist to review past performance and to endorse management's decisions rather than to challenge policies and strategies. Speaking up on issues and offering constructive opposition to chair and top management are no spontaneous elements in either international or national co-operative culture.

Furthermore, personal relationships and deeply rooted old-boys' networks weaken or prevent objective decision-making. However, active members who feel that they are part of an organi-

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sation that has goals in harmony with their own and clear roles for constructively engaged, competent governing bodies and management would be a powerful force to build co-operative identity and excellence. The task of governing bodies should be to bring different perspectives and expertise to the direction of co-operatives whereas management must have the authority and responsibility for the day-to-day operations.

Forgetting about the prime objectives of co-operatives and focussing on various theoretical management systems that have come into fashion one after another rather than on their possible impact on the performance of the organisation have resulted in contemptuous indifference and frustration among employees. Suppressive hierachical structures have at the same time created insularity. Power, status symbols and privileges have become more important than co-operative goals and success.

How to Improve the Situation?

A prerequisite for improved performance is that co-operatives start to put their house in order by substituting rhetoric with action, eliminating hypocrisy and standing up for their unique qualities and thus distinguishing themselves from other business enterprises. Co-operative participatory democracy should be restored and the synergy inherent in the co-operative structure should be reactivated.

A change is needed which is built on confidence in human capital - the most important of all resources - , in commit-

ment, creativity and innovation brought about by proactive membership, governing bodies, and employees. Key elements for viable co-operatives wishing to attract and retain the best possible human recources for building success and sustainable future are in my opinion trust, empowerment and appreciation of diversity. The ability to capture knowledge and wisdom gives co-operatives their competitive advantage. A prerequisite is that participants from all parts of the organisation know and understand its purpose, core values and visions.

Co-operative members and employees - women and men - with their experiences, knowledge and energy are an inexhaustible resource of development provided that they are encouraged to participate and contribute to co-operative performance. Human recources represent in my opinion a deeper and more important source of energy than financial resources. Success of economic decisions depends on human resources at the disposal of the organisation. Therefore, relying on networking with stakeholders rather than having them as distant referees can re-energize co-operatives. Strong corporate governance which takes its obligations seriously is a source of strength to management.

Furthermore, broader participation especially by women and young people - currently minority groups in co-operative decision-making - is a way to make policies, strategies and business of various co-operatives more people-centered and user-oriented and consequently more productive.

Eliminating the unequal power relationship and gender segregation, and at the same time creating new partnerships between women and men with shared power and shared responsibilities would bring about a new and successful era for co-operatives and attract new active and committed people into membership. A combination of the strengths and talents of women and men could also change stagnant structures and routines, help co-operatives to meet the changing challenges of working life and instil much desired entrepreneurship into them. Implementing equality in corporate governance and management structures is to think about relevance and excellence of co-operatives.

A better gender balance can offer new perspectives to co-operative governance and management due to the fact that women and men have different values and priorities. According to research, male leaders prefer traditional command-and-control systems with clear goals and ways of working. They concentrate their energy on one issue at a time. They promise privileges and rewards but keep power and information for themselves. Female leaders, on the other hand, prefer to distribute information and power. Results are produced together in networks and teams. Therefore, women with their interpersonal skills, preference for collaborative working environment and consensus decisions are well suited to contribute to building participatory, transparent organisations in our era which is searching for an approach that supports diversity of views and empowers people. Top-down devel-

opment models no longer respond to present day needs and aspirations.

Why so Few Women?

The 1994 World Survey on the Role of Women in Development identifies three factors leading to poor representation of women at the decision-making level:

- a predominantly male culture of management,
- the continuing current effect of past discrimination
- lack of recognition of the actual and potential contribution of women to economic management

"What also works against women's advancement is the so-called glass-ceiling, an invisible but impassable barrier formed out of biased work conditions and the male corporate culture", notes the World Survey. Recruitment policies, employment rules, and performance evaluation systems are predominantly male-made and male-based. Since corporate structures are largely built around male norms they do not favour or support the involvement, skills and competence of women.

Changing Environment

In Europe there are 105 women for every 100 men. The average life expectancy of women is 79,6 years for women and 73,1 years for men. Thirty years ago women made up less than 30 % of the European work force whereas their share today is 41%. According to the European Commission women will make up 75 % of Europe's new workers and 50% of the graduates in

Europe's business schools by the year 2000. If co-operatives wish to have the best and the brightest forces involved in their activities, they must review their structures and recruitment policies and become more gender responsive.

The growing gender-responsive attitude within the European Union is reflected in the increasing number of women in decision-making. In 1994 the number of female members in the European Parliament grew from 100 to 146 out of 626, thus 25.7%. At the same time the number of female commissioners was increased to five, to correspond to the share of female MPs. When Austria, Finland and Sweden joined the Union in 1995 the number of female members of the European Parliament reached 27, 6%, which is very close to the target of the critical mass of 30% when real influence becomes possible.

The European Union Fourth Medium-Term Community Action Programme on Equal Opportunities for Women and Men points out that "the principle of equality between the sexes is one of the basic principles of the European model of democracy. The increased presence of women in decision-making institutions and bodies would provide for a renewal of values, ideas and styles of behaviour beneficial to society as a whole and contribute to achieving the goal of parity on representation".

"In view of the changing environment some companies have also started to review their policies", reports an arti-

cle published in Business Week. "In Britain, for instance, a programme called Opportunity 2000 was launched five years ago. This programme has convinced companies to set voluntary numerical goals for promoting women. Among its 300 member organisations, 32% of all management positions are now filled by women. Some of the organisations are government authorities, which have been more disposed toward female managers than the private sector. Opportunity 2000 helps companies get over their fear of goal-setting by stressing the importance of equal opportunities in financial terms. The result is encouraging compared with the 10.7% of overall female management positions in Britain", writes Business Week.

However, frustrated by the slow progress of equal opportunities in practice and by increasing unemployment many women have also started to set up their own businesses. In Germany one third of all new businesses are owned by women, an increase of 20% since 1975. In Britain women now start one new business in four. According to a leader in the Economist women-owned companies also have more staying power than the average.

A Step Forward

The resolution on Gender Equality in Co-operatives proposed by the European Regional Assembly in 1995 was unanimously endorsed by the ICA Centennial Congress. A step forward in view of improved corporate governance reflecting the member-oriented, participatory and value-driven true nature of co-operatives is to start

to create a climate of support for women by establishing clear promotion policies and plans including targets.

Some women and many men do not favour affirmative action as a way forward. They consider quotas and parity to be degrading to women and emphasize the need to abolish the obstacles to women's full participation by making more effective use of existing procedures. However, positive action as an intermediate stage could change present power imbalance and role models and make women and men accustomed to power and responsibility sharing.

As Dr. Lou Hammond Ketilson from Canada says in her article concerning the study "Research for Action on Women in Co-operatives" published in the Review of International Co-operation: "To address equitable representation in democratic and staff structures is right and proper in itself. It is also more than that.

When co-operatives deal with issues that cluster around equity, they address questions that have to do with how co-operative organizations 'do democracy' and how they do business".

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Edgar Parnell: Reinventing the Co-operative

Review of International Co-operation No. 2/1996

The Auditors' Responsibilities Related to Reports to Members

by Andreas Nicolaisen*

It is a great pleasure and honour for me to have this opportunity to address you on this topic. This issue is very simple, and, at the same time, very complicated. Simple because the message from the auditors is very much like the message we get in Walt Disney's Christmas programs. It is the same message from all of us (Auditors) to all of you (Members) in all companies (co-operatives and limited companies), all over the world.

You will be convinced by looking in the ICA-annual accounts in front of you. The auditors' opinions are equal to what you find as a statement in your local co-operatives.

It is complicated because this standardized message is the only communication to the members from the auditors of the co-operative.

Let us put the problem into a question
How is it possible for the members to get more value out of the auditor and his work? - and his fee?

I want to illustrate some key concepts and key facts about the auditor, his election, his work, and his reporting activities.



The auditing concept is based on the fact that a company's financial reporting system is a matter of responsibility for the management. The following statement is internationally accepted.

Financial reporting should provide information that is useful to present and potential members in making rational decisions. This information should be comprehensible to those who have a reasonable understanding of business and economic activities and are willing to study the information with reasonable diligence.

The auditor is responsible for making his independent opinion and put it on the company's Annual Account. His election, the engagement of a possible internal auditor, the external auditor's opinion (EA) on the management's

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annual account, and the external auditor's reporting by management letter to the board of directors can be illustrated as follows.

Members Annual Meeting

It is very important to distinguish between the auditor's work as the elected auditor and his consultancy work. The statutory auditing work is based on international guidelines for professional auditors and the result is an opinion placed on the annual account, and a management letter to the board of directors, pointing out some essential malfunctioning management control systems or even irregularities. But nothing about the management's performance or its ability in running the business.

Of course, it is obvious that the auditor's know-how can be useful to the management and therefore the management is often seen giving the auditor a lot of consultancy work. In most countries combining these matters is allowed but caution must be taken. It is important to make specified agreements about the purpose, the dimension and perhaps the fee.

Auditor's Role

The external Auditor is independent, professional and competent. His position is one of confidentiality and he, therefore, cannot answer questions directly from the members. If a company has an internal audit department we can illustrate the auditor's different communication levels.

My first conclusion about the auditor's reports to members is that the

members only get a world wide - standardized opinion once a year.

Please discuss in your own company the help you can get from the auditors in your organization, suitable to your company. I can recommend the use of Audit groups or committees. It is important for you to get use of the auditor's know-how.

Let the auditor together with a few members of the board - for example, twice a year - discuss details in management control systems.

We are discussing Corporate Governance & Management Control Systems and it must be on the agenda in every co-operative company at least once a year.

The board/the management shall always be aware of the problem.

"Is our company in good shape for the future?" Because of the changing world we have to move the co-operative companies. Will the company meet the members' needs in an appropriate way?

Moving the Company

"Corporate Governance is a moving activity". In moving the company you need a factual BASIS and VISIONS. If you want it you can make a useful agreement with the auditor eventually in co-operation with an audit committee to secure that your decision about the future is based on reliable economic facts. It is up to the members to force the board of directors to use the auditors in a useful way.

Technical/Democratic Supervision in European Co-operative Banks

by Etienne Pflimlin*

Introduction

Within the framework of the work conducted on the European Committee of the International Co-operative Banking Association (ICBA), a process of reflection has been initiated on relations between professionals and elected directors who represent the members.

This reflection is far from being completed, since the work has to be continued at our next meeting in Brussels this December. It was introduced in a presentation by Professor Münkner, which I can make available to those who are interested. I will reproduce in this report its conclusions by way of an introduction to my own line of thinking and, without wishing to commit my colleagues on the Committee beyond our work that is in progress, I will illustrate my presentation by referring to the practice of *Crédit Mutuel* in France.

Professor Münkner summarizes the current trends as follows:



The progressive abolition of the initially clear separation between the director's function, as a power of the board of directors consisting of elected representatives of the members, and the management function as a duty of professional managers performing their job in a full-time capacity, is causing new problems with regard to supervision of managers and disruption of the balance of power to the advantage of professional managers.

This tendency is accentuating the gap between the community of members and the enterprise and at the same time encouraging the disintegration of the members' commitment that results from the principle of identity between their capacities as providers of funds, co-decision-makers and customer.

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This disintegration occurs, for example, when investor members are introduced, when the capital that does not belong to the members is increased, when salaried professional managers supplant the members' elected representatives who perform their office voluntarily and when transactions with non-members are stepped up, with members and customers being placed on an equal footing.

Due to this tendency the member's triple role - as a provider of funds, participant in decision-making and customer - is gradually being eroded. This role is being divided between the funds provider and the customer of the co-operative enterprise, with a loss of opportunities for participating in the definition of the objective, decision-making and supervision.

The diagnosis is precise: the changes in the way in which co-operative enterprises function today are bringing about a hiatus in the relations maintained between the three key players of co-operation, the three apexes of the triangle: the members, the elected representatives and the professionals.

Indeed:

- the members are losing sight of the ownership link that binds them to the co-operative enterprise and the directors are running into difficulties in performing their duties as representatives, the defenders of the members' interests;
- as for the professionals, who are subject to the pressure of competition and to the sacrosanct rule of profit optimization, they are forgetting that their objective is to

manage well in terms of the member's best interests and not that of profit maximization.

This harsh observation concerns all of us: none of us, as directors of co-operative enterprises that are completely integrated into the market economy, can in good faith fail to feel affected:

In the banking sector the temptation to drift is even greater for several reasons:

1. Our organizations' territoriality no longer has borders: electronic exchanges through the INTERNET networks and others enable the member to be followed everywhere, to make each customer a potential member but also each member an ordinary customer!
2. The means to be implemented to satisfy an increasingly demanding consumer and an increasingly disloyal member imply a capitalistic concentration of resources that is no longer affordable for the local banks.
3. The prices of the raw material processed by the banks are now global, as they are fixed on the capital market.
4. The measurement of these banks' performance, which is intrinsically linked to this management of capital, is becoming internationalized and more technocratic: the ratios that measure the soundness of a financial enterprise are the same whether it is a savings and loan co-

operative in Budapest or the number one Japanese world bank; the professional competence is also the same.

In order to cope with these changes, our enterprises are expanding their areas of operation beyond their original membership, developing complex diversification strategies, the implementation of which escapes the shareholders, and seeking by every means to make profits, a prerequisite for their development and security.

Now only the co-operative enterprise regards profit optimization as a means of achieving a common objective - "economic and social promotion" - and not as the ultimate objective of entrepreneurship.

Only the elected director, representing the members' interests, may, through the supervision he exercises, ensure that this objective is not lost sight of and that profit continues to serve the co-operative member and not vice versa.

It is not just any form of supervision but democratic supervision that concerns the matching of the means to the objective set.

In order to be exercised, this supervision therefore implies that the objective of co-operative activity be precisely fixed: this is strategic supervision.

It has to ensure that the means match the objective: this is technical supervision.

Finally, it must express the quality of the supervision itself: this is political supervision.

It is necessary to examine these three components and to see how they are expressed in a European co-operative banking institution - I shall take the example of the Crédit Mutuel.

By way of a preliminary, here is a brief description of the organization of Crédit Mutuel:

the three degrees...

line of political & strategic supervision:

LB = > Fed. = > CNCM

- the elective principle of the "higher" level representatives, and the social mandate
- the principle of subsidiarity as a mode of functioning

line of technical supervision:

CNCM = > Fed. = > LB

- the principle of hierarchical supervision and decentralization of supervisory power.

The essential concern is to organize at all levels the convergence of both methods of supervision in order to ensure that one does not predominate over the other but that, on the contrary, they each enrich one another with their specific features.

Strategic Supervision

Ever since the origin of the Raiffeisen co-operative movements, the supervision exercised by the director is a supervision of the acts that commit the future of the community and not day-to-day management acts.

Originally, the granting of bank loans was a strategic act that committed the members' unlimited liability. Today this decision has become a commonplace act that is delegated all the more easily in that a number of prudential rules has specified the conditions under which these grants may be made:

- risk division ratio
- equity capital ratio
- rules for following up and processing payment incidents, etc.

Technical inspections are carried out to see whether these rules are being applied and failure to observe them leads to remarks being made by the supervisors of the co-operative enterprise's banking activity.

At Crédit Mutuel, because these remarks concern elements that may jeopardize the survival of the enterprise, they are the subject of a balanced examination on supervision committees consisting of elected representatives and technicians. They result in the drafting of a document setting out the inadequacies ascertained and the undertakings made by the technicians to remedy them under the responsibility of the board of directors of the body concerned, which fixes a framework for lending rates, debt ratios, upper limits on authority, etc.

In the light of unfortunate experiences showing the limits of this "strategic" supervision and as things evolve in an unstable and increasingly complex financial environment, Crédit Mutuel has put in place a procedure which is

not only more restrictive but which at the same time involves the directors more by bringing together the elected representatives and salaried employees of a regional group. It is the procedure known as "shared diagnosis".

Shared diagnosis is a methodology that gives the directors:

- information about the directions in which each region is moving;
- a diagnosis of the probable trends, based on objectivized data whose consequences must be examined in common and the conclusions shared by everybody;
- an alternative choice of policy line proposals.

This methodology is used in particular when a Crédit Mutuel group calls on the Crédit Mutuel community to make investments that will be beneficial for everybody or to restore fundamental balances that have been jeopardized by reversals of the level of economic activity.

At the October 1996 General Meeting a think-tank was set up to improve the strategic decision-making procedures.

Technical Supervision

This type of supervision is highly developed today in a banking enterprise since the business of financial intermediary generates risks that have to be controlled.

- technical inspection on the spot and based on accounting vouchers;

- remote inspection of the main management balances;
- internal inspection of decision-making processes, production procedures and marketing actions.

Faced with this multiplicity of increasingly technocratic inspections, the elected representative tends to feel useless because his responsibility has been removed: since other people who are more technocratic than he is are doing the supervising, what more can he do?

Two key points:

- preserving the independence of technical supervisors from the "technocrat's" power;
- publicizing the conclusions of the inspections among the principal persons concerned: the members.

The CM's reply on the first point:

- the hierarchical positioning of the inspection and audit services reporting directly to the elected president and not to the general manager;
- the functional positioning of the management supervision from the viewpoint of the operational managements whose performance it judges.

The CM's reply on the second point:

- The information and training sessions: meetings that make for clarity;
- the statutory GMs and their revival: the attendance at the GMs is increasing: in 1995 nearly one million

members out of five million attended the GMs and asked questions;

- Thematic GMs on a specific topic of banking or a specific trend in the banking world: the EURO in 1997.

Finally, considering technical supervision should not only be confined to the evaluation of banking operations, some of our regional groups, basing themselves on a practice already existing in the Desjardins banks, have put in place a technical inspection tool for the bank's mutualist activity by publishing a "mutualist balance sheet" for their members.

- The co-operative and mutualist balance sheet evaluates the impact of solidarity actions on the socio-economic environment of the local bank or the regional group and makes these results public so that the member may evaluate the advisability of the solidarity actions that have been launched. This initiative is gradually spreading in our groups: introduced five years ago, this practice is in place in more than half our federations.

This participation by members in the life of the enterprise is a major element which guarantees that supervision is not merely formally democratic but really the expression of political supervision, placing service to the member at the heart of the business operation.

Political Supervision

If it is to be effective, it must be organized and its organization supervised.

If it is to be genuine and successful, it must be done by directors and salaried employees working together.

- **its organization and its supervision: formal democracy**

French co-operative law leaves co-operative organizations a great deal of organizational leeway since it is confined to defining the rules that establish the co-operative identity (freedom to join and resign, principle of representation as per the rule one man = one vote, principle of allocation of results and constitution of indivisible reserves).

In the case of loan-granting and to the extent that this line of business is strictly regulated at the European level, bank rules have supplemented the co-operative rules (notably the "two pairs of eyes" rule).

At Crédit Mutuel it is the bye-laws and internal rules of procedure - which have been enhanced for two years now by an Institution Charter - that lay down most of the operating rules of the statutory bodies, electoral procedures and the conditions under which approval of directors is granted and withdrawn (imposed by the banking law).

In the light of experience, one has to note the importance of this institutional formalism in ensuring the decision-making freedom of the elected directors in the face of omnipresent technicians:

The important decisions on our boards of directors are always taken by a se-

cret ballot. Our directors are also elected in the same way - by secret ballot.

We have adapted the "two pairs of eyes" rule to the specific features of our co-operative: while no legislation obliged us to do so, our internal rules mean that one pair of eyes is that of the elected representative and the other pair that of a salaried director.

- The supervision of this institutional formalism is now integrated into the terms of reference of inspections, which must ensure that the enterprise's activities respect the written rules and that the deliberation procedures are respected.

However, one fact is certain: these precautions will only produce results if the women and men who chair the governing bodies feel responsible for, and concerned by, the life of the enterprise, its results and its prospects.

There are two key words here: training and activist dedication.

- **training:** in our organizations this is acquired either in the context of specific sessions devoted to elected directors or, usually, in the context of dual training "elected representative and salaried employee" - "the winning tandem";
- **activist dedication** cannot be learned, it has to be experienced. It is perhaps the most difficult point because our movements can quickly produce activism professionals who forget to listen to their superiors and who listen only to themselves.

The CM has not found any miracle solution on this point: it may appear paradoxical or manipulative... but it seems that the least pernicious way of avoiding this activism professionalism is to manage the representativeness of the elected representatives in the same way as one manages the employees' age pyramid: one has to make sure there is a match between the sociological profile of an area and its elected representatives:

- in an industrial area one should avoid having only teachers;
- or having only retired people in a university area;
- or having a high proportion of rural people in an urban area, etc.

This management sometimes implies stimulating vocations, but why should we deprive ourselves of it when we know there are safeguards for supervising the excesses?

By way of a conclusion, I would like to reaffirm that the way our enterprise is

administered is certainly not free from shortcomings, but it exists. It implies constant vigilance, because it is easy to drift; it is based primarily on the will of the women and men members who run the system to run it effectively.

It is centred on the elected representative, just as our business is centred on the member.

In all countries of the world joint-stock companies that publicly collect savings are wondering today how to safeguard the interests of small shareholders in the face of speculative predators and how to ensure the durability of business and jobs in an economy in which the search for maximum and immediate profit takes precedence over any development project.

We can tell them: come and see how it works in our bank, come and see our shared management methods and our operating rules. They certainly have something to learn from our operating methods.

Governance Issues Seen from a Management Perspective

by Steinar Sivertsen*

This paper covers two aspects - the first is the need for professionalism by the board and management of a modern organisation. The second aspect focuses on the role of the Chairman of the Board versus the role of the Chief Executive.

My experience regarding these matters is of course rooted in the life of Coop Norway. I therefore think it would be useful to begin with a brief description of the consumer co-operative in Norway. During the nineties, Coop Norway has undergone major changes. During the last six - seven years, the organisation has been through a continuous turn-around operation, an operation which in all humbleness must be characterised as a success.

In 1990 we had 480 000 members. Today the number of members has increased to 750 000. The average age of a member in 1990 was 58 years compared with today's 51 years. In 1990 the average member would buy 30 percent of his or her need in the co-op shop. Today 50 percent of the buying takes place in one of our shops. At the



beginning of this decade, our market share in daily goods was down at 22 percent. Today it has exceeded 25 percent. Profitwise we started with a net result of some 20 million Norwegian kroner. This year we will see a net profit of more than one billion Norwegian kroner, of which 350 million will be given as a dividend to our members. The 750 000 members belong to one of 350 local co-op societies. The local societies are the owners of the central organisation NKL. The highest authority of NKL is the Annual Meeting where the Board of NKL reports to 100 delegates. The delegates are elected among the 750 000 members at regional annual meetings prior to the annual meeting of NKL. The Annual Meeting elects the supervisory board and the Board of NKL. The Board has 11 Board members, 6 repre-

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sent co-op members, 4 are elected among the employees. In addition to that the Chief Executive is a member of the Board.

In Norway, as in most countries the competition is becoming more and more fierce. Trade in all branches is restructured from a multitude of small individual merchants into great national and even international companies. Instead of the cosy charming shop on the corner, shops are now members of chains where you will find three success criteria, namely discipline, discipline and discipline. In today's retail trade, management is recruited to a large extent from universities; these recruits will have a broad professional career before entering the rank of top management. Briefly, retail trade is being professionalised with the need for competence in many areas which was not required only ten-fifteen years ago. The same applies to co-operatives.

The threat from a Governance point of view is obvious: Co-ops tend to be management driven. Whereas board members in major private companies are elected within the business environment, Board members in co-ops are elected among what we could call everyday people. Very often solid, earnest people with good judgement, but without the necessary background for strategic decisions in the business world. Instead of bringing support and criticism to the Chief Executive they act as passive receivers of information. This is a critical situation. Management needs a demanding board which sets high standards and

requires high performance. So what should be done? I can only speak from my own experience. In Norway we have started out by defining a target, saying that one percent of our members are to be trained as qualified, competent Board members. To attain this target we run a series of courses which is monitored by our Co-op Institute. Furthermore, we have focused on the work of the election committees. In all co-ops you will find an election committee which is responsible for selecting candidates for election among co-op members. The election committees are the most important co-op bodies. During the past year we have trained the election committees and pointed out their primary role and responsibility. It is too early to report any progress, but we hope to see more young people, more women and more competence on the board in the future.

Let me now turn to the second aspect of my presentation, that of the role of the Chairman of the Board versus the role of the Chief Executive.

Until the beginning of the nineties the Chairman of the Board of Coop Norway had a full time job as Chairman. He also had staff reporting to him, the law department, the department for organisational matters, the information department. This was based on the reasoning that the Chairman was responsible for the co-op structure and member questions, in brief the running of the co-op identity. The Chief Executive was allowed to take care of business matters. This created a certain lack of clarity regarding the organisation. It was possible to bring matters

to the Chairman while by-passing the Executive. A distance developed between the operation of business and the co-op uniqueness. The progress of Coop Norway in the nineties is to a large extent due to the fact that co-op identity, co-op uniqueness is combined with business operations. In fact, the co-op uniqueness with our own customers as owners, gives the co-op vital assets in the market. Through member oriented activities and benefits, the members are becoming more and more loyal customers - a tendency which now has given birth to the idea of members' clubs among our private competitors. However, one important and vital difference will always be there: the fact that we distribute our profit to our customer/members.

I know that views differ quite a lot among co-ops regarding the question of the role of the Chairman of the Board, as views differ in most questions within the co-operative movement. In Coop Norway we are very happy with the changes which took place in defining the role of the Chairman and Chief Executives. Now our Chairman of the Board is the Chairman

of the Board. He runs the Board meetings and he is the one who will be in contact with the Chief Executive between the Board meetings. The Chief Executive is the only one reporting directly to the Chairman. The departments previously reporting to the Chairman have been organised in a members division, much in the same way as the remaining part of the organisation. Today our Chairman of the Board has a part-time job in NKL. In fact he would not have time for more, as he also is the Chairman of the Board of the Norwegian Telecommunication company and the state owned Norwegian oil company.

I do not intend to go into detail on the questions of the authorities of the Board and the Chief Executive, but I am of course ready to answer questions. As I have pointed out already a couple of times, what I am saying today is based on my personal experience with Coop Norway. Different times, different cultures, different traditions may find solutions that work as well as this, or even better. We live in a time of rapid changes. That goes for co-op Governance as well.

General Trends, Findings and Recommendations

by Moira Lees and Reimer Volkers*



Reference & Working Procedures

Since the beginning of 1994 the review of corporate governance and management control systems in European co-operatives has been a top priority within the work of the ICA Region Europe.

This topic came to the fore because more and more co-operatives in different sectors and different parts of Europe had experienced grave problems, which have threatened the profile and identity of the whole co-operative system. These problems include misman-

agement, financial scandals, poor management control, growing distance between members and their co-operative society, failure of democracy and an unbalanced relationship between management and elected lay directors. Similar experiences appear to be common and therefore, for all co-operatives, there are valuable lessons to be learned and dangers to be avoided.

On behalf of the ICA European Council an in-depth study of the problems mentioned above was made in 1994, with particular respect to four co-operative sectors: consumer, agriculture, banking, and housing. Similar findings may be true for other co-operative sectors. The review was based on personal interviews with around 45

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key persons in several European co-operatives. In addition various books, articles and published research have been considered.

After having presented a detailed analysis of the specific problems in the four sectors to the ICA European Council in Seville in May, 1994, a second summarized report was submitted to the Regional Assembly of the ICA Region Europe in Prague in October 1994. This report was also published in the Review of International Co-operation 3/94 providing co-operatives in other parts of the world with the opportunity to evaluate the findings and recommendations.

In order to discuss further some important aspects of the Corporate Governance report a seminar was held on 11 July 1995, in St. Petersburg. The lectures and discussions focused on Governing Bodies, balance of power between elected lay persons and management as well as on strengthening ties with members. Information about the findings of the Governance project was given to the ICA Congress in October 1995, in Manchester.

This final report can only touch upon the most important trends and common problems and ends with conclusions and recommendations which have been discussed and agreed upon during the presentations. It has not been possible to deal with the specific differences that exist from society to society. There are still a lot of societies in all sectors which are operating successfully with good governance and management control systems.

Co-operative Objectives

The main objective of co-operatives today, as in the past, is to promote the interests of members. This was also underlined by the statement on the Co-operative Identity adopted at the ICA Congress in Manchester in October 1995. Additional objectives include: to safeguard the right of consumers, to protect the environment, to work for healthier products, to offer information and education and to pursue social activities as a form of solidarity.

Without members there exist no co-operatives. Members are the owners, goalsetters and users of their own organisation and have in this context to safeguard good governance and management control systems. That means in relation to their jointly owned and democratically controlled enterprise.

The members expect from their co-operatives good performance including special benefits. This could be high selling prices for agri-products, accommodation of a good standard and at reasonable prices, comprehensive financial services, low prices/quality products, special offers, discounts, bonus-payments, dividends etc.

An efficient and profitable business operation is an absolute precondition to reach the economically based targets for member promotion.

Co-operatives and Membership

Co-operatives and their central institutions have large market shares within their respective fields of activities and employ significant work

forces. The overall figures include, however, very different sizes, structures and development in each European country. Planned expansion and profit goals have not always been reached. In some countries co-operatives have stagnated or failed with heavy losses e.g. consumer co-ops, banks, agriculture co-ops.

With a membership of around 75 million, the four co-operative sectors still hold a strong position within the West European population. Continuous increases can be noted within the housing co-operatives and co-operative banks in larger towns and communities, whilst decreases can be observed within the consumer and agricultural co-operatives.

The recruitment of new members has frequently been neglected because of insufficient resources and information. Too often the members have been regarded by management as a necessary evil; as a hindrance for quick decisions and expansion. The business transacted with non-members has grown considerably. As a consequence, the interest and loyalty of members is often very low. From their role as owners and goalsetters, the members are changing to mere customers, interested in immediate benefits from the society or elsewhere. The co-operative profile has become blurred and interchangeable with that of private competitors.

At present, however, there is evidence of some change. In several co-operative organisations there is lively debate and action programmes introduced to revitalize membership. It is increas-

ingly recognized that good economic performance is a precondition to serving the members properly and also in offering them special benefits.

In general, members of agricultural marketing societies and housing co-operatives are far more interested in the economic activities of their society than members in the consumer and banking sector where many alternatives exist in the market place.

Despite varying interests between the co-operative sectors, it can be observed that the participation of members within the formal democratic structure is low. The distance between members and societies has grown, especially in large-scale societies.

Some of the reasons are:

- poor performance, no benefits from the society.
- members do not know very much about the special characteristics of co-operation in general, and about their society specifically, due to lack of information. Management is not really interested in membership.
- members do not feel at ease with the growing size and complexity of the business operations.
- members do not want to take responsibility or offer their spare time. They want to use the services and obtain the economic benefits, but do not want any other involvement.
- genuine membership rights are transferred to delegates who are often not known to the ordinary members.

- active members are disappointed about the real opportunity for influencing and controlling the operations of the society and consequently they resign from the Governing Bodies.
- rotation within elected delegates and members of the Boardrooms is low, giving interested members very limited chances to participate.

Formal Democratic Structure

The formal democratic structure is similar in all countries and co-operative sectors, with some variations in detail. Within this structure both the monist and the dualist systems are used: Shareholders' Meetings, Board of Directors/Shareholders' Meetings, Supervisory Board, Executive Board.

Annual Shareholders' Meetings are either open to all members (in small and medium sized societies and most British consumer co-ops) or only to delegates. Delegates are elected for between two and four year terms at district meetings or on tickets (lists) voted upon in special election offices or by letter. On average, participation in elections is low. Elections are rarely contested. Often it is difficult to find a sufficient number of candidates.

The duties for Shareholders' Meetings are almost the same in each country and co-operative sector. These include the approval of the annual accounts and balance sheet, elections of Board members, change of rules, decision about mergers, election of auditors.

Critical comments and questions to the Senior Management (CEO) about the

current situation and development of the society are rarely heard in many Shareholders' Meetings.

The Board of Directors/Supervisory Board is elected for a two to four year term. Except for being a loyal member, no formal qualifications for candidates are required. In many co-operatives, elections are not often contested but this has increased somewhat during recent times. It is known and generally accepted, that candidates are often preselected and proposed by the sitting Board and chief officials. Re-election is possible and frequent.

In the monist system, it is the Board which legally exercises the ultimate power and responsibility in all matters of the society but it delegates the running of the daily operations to the chief official (CEO) and his management team who are appointed/approved by the Board. In some countries and societies, the chief official is member of the Board e.g. in Sweden, or its President e.g. holding the office of PDG in many French and Italian societies, thus putting him in a very strong position.

In the dualist system, e.g. in Germany and Austria, the exact responsibilities of the Supervisory Board and the Executive Board are laid down in the co-op laws and/or rules of the society. The Supervisory Board monitors closely the development of the operation and performance of the management, examines the financial statements and balance sheets, follows up the results of the auditors and, most importantly, appoints and removes the Executive Board. The Executive Board runs the

business in its own right and in the framework of given guidelines and limitations set by the law and the statute of the society. In large societies, the Executive Board consists increasingly of full time salaried executives only.

Employee representation in the Boardrooms i.e. elected by the employees, is governed by workers' participation laws or by voluntary agreements. Representation ranges from nil to 50 per cent. Severe conflicts of interests between employee representatives and the general interests of members were not reported but, realistically, must occur in case of crisis, staff reductions and closures.

Urgent changes and decision making may be slowed down because of such conflict of interest. On the other hand, there are also examples (e. g. Sweden) where employee representation helped to implement necessary changes.

In Great Britain, most consumer co-ops have some directors who are employees but who are elected by members. This can cause conflicts as mentioned. The Registrar of Friendly Societies is limiting numbers of employees to below quorum level.

The frequency of Board meetings varies between six and twelve times a year, with dates set beforehand e.g. up to one year. In general the attendance is high, up to 90 to 100 per cent. A varying degree of sophisticated information is sent out before the meetings, supplemented by further documentation and reports by senior management at the meeting.

To a varying extent the Boards, especially of larger societies, work with sub-committees on specific areas, such as finance and financial accounts (auditing), investments, membership, personnel, loans etc. A special committee chaired by the President is often responsible for preparing the appointment of chief officials and senior management and determining their remuneration package. Only a few women are represented on the Boards, which means that they do not necessarily represent the interests of all members, especially in those societies with a large share of women within the membership.

In all West European co-operative sectors and societies strengths and weaknesses in the functioning of the formal democratic structures and in the collaboration between Boards and management are to be found. In successful societies there are normally few problems in the Boardroom and there is confidence in the ability of the management to run the business in a proper way promoting the interests of members. But there is a warning voice from Sweden which has to be taken into account - that continuous success creates inaction and lack of drive for new initiatives and innovations with the danger of future failure.

The following weaknesses and problems in the Boardroom and in the collaboration with management have occurred in one way or another:

- The elected directors have not been strong enough to exert the authority and power given to them by the

law and rules in relation to management. In the case of continuously failing to meet budgets and excessive losses, the Boards did not take, or only hesitantly took, the necessary measures e.g. the removal of the executives.

- Some of the Board members did not have the background and ability (and/or time and commitment) to lead and monitor large complex business operations thus failing to recognise wrong developments, mismanagement and heavy losses in time. Matters became worse by gaps in vital information provided by management.
- The balance of power is sometimes inappropriate. The real power lies with chief officials. Only they have detailed knowledge of the business. They have more or less an information monopoly and may decide, to a large extent, the information to be given and the topics to be dealt with on the agendas of the Boards.
- The Board appointed inadequately qualified management who lost control of a growing, complex business in an increasingly competitive environment, thus leading to disaster.
- Management is not generally interested in membership nor in responding to a questioning Board but in pursuing own priorities in relation to rapid expansion and own careers.
- Boards have grown too close to management, leaving too little room for critical questioning and unpopular decisions.

- Board rotation is too low, giving younger active members very little chance to participate.

External Control (Auditing)

The important external control and supervision role is executed by external auditing. As a rule, co-operatives are audited every year under law e.g. in Austria and Germany and/or in accordance with the rules of the societies. These services are provided by external professional auditing companies elected by the Shareholders' Meetings or by the co-operative federations. In several organisations, additional auditors from the membership, are appointed by the Shareholders' Meetings. Their role is to monitor the professional audits and to ensure that the results and decisions are in accordance with the interests of members. The audit reports are given to the Governing Bodies for discussion and for taking necessary action. At the annual Shareholders' Meetings, it is normal for a short summary of the audit to be presented, including a statement on the accuracy of the balance sheet and accounts. The audit reports help the Boards to carry out the control duties, despite the fact that the information about the performance of the society is historical. In reality, Shareholders and elected directors do not always recognise the importance of the auditors' role.

Education and Information

To a varying degree, most co-op organisations offer their elected directors introductory seminars and/or educational programmes on commercial and

co-operative matters. In general the interest in participating is high. Training seminars for elected delegates and ordinary members are only available in exceptional cases, e.g. in Denmark, Norway, France or Germany. In some organisations, e.g. in Great Britain, Germany and Norway, Board members are provided with a detailed handbook about the background and structure of their co-op society and the rights and duties of the elected laypersons. These are well received.

As a rule, management and staff training has a high priority in most societies and is carried out internally by own educational facilities, and externally using outside training schools and seminars. The training concentrates largely on commercial matters and on improving professional skills. Employee knowledge about co-operation is generally low and is often not seen as important by management.

In large societies it is inevitable that only a small number of members are able to be directly involved in the formal democratic structure. In varying extent, societies are trying to explore new ways of providing information and improving information and consultation with members, especially within consumer co-op organisations but also in some agricultural co-operatives, e.g. in Denmark, and housing co-ops. Examples given include members' meetings around shops or housing complexes, district meetings, shop committees, study circles, debate evenings, cultural and leisure time arrangements, consumer forums, women's guilds etc.

However, generally these are not sufficient to improve the often poor knowledge of members about co-operation or to revitalize the interest of members in the affairs of their society. Important and additional activities include the giving of regular information via member magazines, newsletters, press releases, films and TV spots, short annual reports, social balances etc. These information channels are known but used insufficiently. High costs are mentioned by management as a reason for doing little or nothing.

Financial Involvement

It was underlined by many of those interviewed that a substantial financial involvement is able to contribute to stronger loyalty and commitment by members in the affairs of their society and this involved paying them an attractive dividend or interest rate.

In most countries members invest one or more shares in their co-op society, with a minimum and maximum amount. As the amounts are widely different, anything from 1 pound to 20,000 pounds, members play a varying role in financing and risk bearing in their society. In addition to the member shares, parts of the profits are retained and transferred to the equity capital, especially important in Denmark and Holland, where member shares are not required.

For improving the level of risk bearing equity capital, new financial instruments for attracting more capital have been developed. Some German societies, e.g. consumer Co-op Dortmund - Kassel, have issued "partici-

pation certificates" (Genussscheine) via the Stock Exchange and banks. In France and Italy new legal regulations provide the possibility of placing preferred non-voting shares with "investor members" or to float co-operative investment certificates. The envisaged European Co-operative Statute includes similar regulations.

Several European consumer and housing co-operatives collect savings from members, which are shown as liabilities in the balance sheet, but add to liquidity and financing of the societies (but are withdrawable on short notice). Members of housing co-operatives have to make a substantial extra contribution in shares and loans, when moving into a new co-operative home.

Limited liability companies and stock holding companies are widely used at secondary levels (central co-operative institutions) for large scale business operations, subsidiaries, daughter companies and takeovers. In Germany, several co-operatives were changed into stock holding companies trying to maintain the co-operative character by corresponding regulations in the new statutes e. g. voting rights, auditing. That proved to be a failure in the case of the consumer cops and in the end the majority of shares were taken over by large competitors.

Findings and Recommendations

Ready-made solutions to improve corporate governance and management-control systems are not available. It is recommended that the individual societies and their Boards carefully con-

sider their own situation and, if necessary draw, up and implement the necessary measures.

Against the background of the Corporate Governance report and experience of members, the ICA could act as a catalyst for information and recommendations.

In theory, the message and corporate identity of co-operation is very clear but in practice not very well recognized by members, customers and public. It has become blurred and interchangeable with that of private competitors. Weaknesses in detail can easily be detected by each society by member interviews and feedback.

A radical change can only be made if both Boards and top management really want it and implement the necessary action programmes. The policy and strategies of the society have to be redefined with priorities set for member orientation and member promotion, but which will in no way harm or hamper the efficiency and profitability of the business operations. They are, on the contrary, preconditions to reach the necessary economically based targets for member promotion.

At present profile programmes have been introduced e.g. in Italy, Sweden, Norway, France and Denmark. The success story of the consumer co-operatives in Norway was presented at the seminar in St. Petersburg, which is worth studying in more detail.

It is mostly recognised that an active and involved membership remains the

motor of each society. On the basis of an agreed Board policy, strong efforts have to be made to revitalise the interests of members and to recruit new members. Appropriate financial and management resources have to be budgeted for. It is recommended that responsibility for membership should be placed with the top management with the obligation to report regularly to the Board about the development and measures taken.

Furthermore, membership lists should be updated from time to time, allowing a realistic review and launching of action programmes aimed at existing members loyal to the society.

With the revitalisation of member interests it should be possible to encourage qualified members to become candidates for elected delegates to annual meetings or directors of the Boards. Whilst it seems to be legitimate and in order for elected delegates, Board members and/or administration to identify and propose suitable candidates it should be normal practice that candidates are nominated by grassroot members either in writing or spontaneously at the election meetings. An election committee chaired by the President could be of great help.

For a healthy democracy it is of great advantage if elections are contested. Direct elections at election meetings are to be preferred but participation could be improved by more attractive arrangements at these meetings. If list votings are used, information on all candidates should be added to the lists to allow informed voting. New meth-

ods of voting should be examined e.g. postal ballots, ballots in election localities in easy reach (shops, banking branches).

To be a loyal and active member should still be the only formal qualification for the elected member representatives to the Governing Bodies. Further formal qualification conditions, even if desirable, would limit the rights of members to nominate and elect a candidate of their own choice and reduce further the grassroots interest. As many examples show, it is possible, especially in societies with large membership, to find member representatives with the appropriate skills, strength and qualifications. More important is that these elected delegates and directors are willing and able to offer sufficient time and commitment for their new office, to become acquainted with the business and to fully involve themselves in the demanding duties of the Governing Bodies, not least in the Boardrooms, and to attend ongoing training programmes.

In order to improve the knowledge and skills of the elected Governing Bodies it should be the obligation of all co-op societies to offer introduction courses and comprehensive training programmes on commercial and co-operative matters. At the same time it should be an obligation for the elected directors, to attend any training that is provided. In addition, handbooks and other written documentation could be of great help in explaining the co-op structures and targets as well as the duties of the Governing Bodies.

In co-operative societies, especially with a large share of females in membership it should be an objective to elect more women to the Governing Bodies and, within the staff, employ at all levels. A corresponding resolution was unanimously adopted by the ICA Congress in Manchester, October 1995.

There should be a clear cut division of legally binding responsibilities between the Board of Directors and chief officials, (and the respective Supervisory Board and Executive Board) written down in the society's rules and/or standing orders where the law does not provide for it.

The advantages and disadvantages of the monist and of the dualist system were presented and discussed at the previously mentioned seminar in St. Petersburg. Further research is recommended, also in connection with the role of the chief official (CEO) including the question of whether the CEO should be a member or even President of the Board. Another important topic could be employee representation in the Board rooms and possible conflicts.

An age limit for elected member representatives, introduced already by several co-op organisations, is one example which other societies may wish to consider. The purpose of age limits is to improve rotation, giving interested members the possibility to participate within the Governing Bodies.

For their important, responsible and time-consuming work the Board members should be paid a realistic financial compensation. The level of

this fee could be fixed in collaboration with the co-op federations or in accordance with guidelines provided by the federations and should be carefully balanced. In the comments to the financial statements presented to the Shareholders' Meetings, information about the total sums paid to elected directors and top executives should be given as a sign of full openness to members.

Board meetings, with set agendas, should be held at regular periods, with timetables fixed well in advance. An absolute minimum seems to be six meetings a year. The notices for meetings are sent out by the society but in the name of the Board's President, who is also responsible for setting up the agenda. The topics on the agenda should be well documented.

The Board (Supervisory Board) has to instruct the chief officials (Executive Board) which information and key figures are to be supplied to directors on a regular basis between meetings and before and at the meetings. The information has to be comprehensive, but short and to the point, and easily understandable.

At any time, the Board has the right to full information about the affairs of the society. On the basis of an agreed Board policy and guidelines, Board members should have the right to seek independent advice if special problems, developments and proposals have to be clarified in more detail. For such requests, the elected auditors or the auditing departments of the co-op federation should be available.

Depending on the size of the Board, it is advisable to employ sub-committees for special areas, which are able to consider the subjects in question in more detail and inform the Board as a whole accordingly. Such sub-committees are used for example for finance and financial statements (auditing), investments, loans, personnel, membership.

One of the most important duties of the Boards is to appoint a qualified management. This duty implies that Boards must also be prepared to issue management with warnings, and even removal, if objectives are not achieved. In many cases, a special Board committee for senior management has the responsibility of preparing for the appointment of the chief official and his management team, deciding service contracts with remuneration and terms of office. The appointment of the top management (Executive Board) is often made for a four to five year term. Re-appointment is possible and common but gives the directors the possibility of reconsidering the qualifications and achievements of the management in question.

The important role of the President/ chairperson of the society should be fully recognized. The election of a suitable person with ability, power and commitment has to be considered very carefully as he or she has to guide and organize the work of the Board, agree the agenda of Board meetings, initiate and monitor strategic decisions and oversee and collaborate with the top management.

As with the functioning of the formal democratic structures and manage-

ment within primary co-operatives, the collaboration between the primary societies and their central organisations is of great importance for the progress of the whole group. Due to weaknesses and flaws, e.g. lack of confidence, much time, energy and resources have been wasted during recent years. As shown by successful examples, it is important to have a clear division of work and responsibility on all sides and on different levels. In this context, the election of qualified member representatives into the Governing Bodies of the central organisations is highly desirable, giving them influence in protecting the overall membership interests.

The reports of external audits, either by elected independent professional auditing companies or by auditing departments of the co-op federations, can be of great assistance for the control of the business operations of the society. They support the supervising duties of the Governing Bodies. Furthermore the auditors are available if special audits are required.

The results of the audits should be thoroughly evaluated by the Board. In this context the sub-committee for Finance and Financial Statements (sometimes called the Audit Committee) should examine the audit report together with the auditors and formulate, if necessary, critical questions to be put to the management.

In order to guarantee, from the outset, the necessary distance between the auditors and the administration of the society it is advisable to change the auditors from time to time.

In large co-operatives only a small number of members are able to participate actively within the Governing Bodies. Therefore, it is of the utmost importance that societies develop and introduce new ways for consultation and information as already adopted by consumer co-ops and societies in some other sectors. Among other methods mentioned are district meetings, shop committees, study circles, debate evenings, consumer forums, cultural and leisure activities etc.

In addition, members should receive by right, on a regular basis, information about their own society and other co-operative and consumer related matters. Only informed members are loyal members and therefore providing information must be a priority. The existing information channels are known, and to a varying degree used, e.g. member magazines, news letters, press releases, films and TV spots, short annual report, social report etc.

Co-operative aims and targets can only be reached if the employees at all levels are motivated and encouraged to achieve these targets. They need a high standard of professional skills which are mostly obtained through training provided internally in own schools and externally at seminars. It is also important that the employees identify themselves with co-operative philosophy and with the special profile of co-operatives in order to understand the significance of the economically based targets of member promotion in their daily work. In this context, staff education in co-operative matters should be intensified.

In many societies, financing and increasing the risk-bearing own capital are a high priority. Besides the traditional form of member shares, new financial instruments are available or under consideration. It is recommended that the Co-op keep ICA members informed of the latest developments.

As demonstrated above, Corporate Governance and Management Control Systems include many aspects of membership and membership involvement. In some countries (Great Britain and France) Co-op organisations are trying to identify the most important aspects in Codes of Behaviour or Codes of Best Practice. It should be of great interest for the European co-op organisations to follow the working of these codes and the future experiences. The British Co-op Code of Best Practice was presented at the seminar in St. Petersburg and attracted great interest from the participants. It is suggested that a code similar to the British Consumer code be prepared on an European level which should cover, if possible, all co-operative sectors.

Co-operatives in Eastern and Central Europe

A separate section on co-operatives in Eastern and Central Europe is required because of the very different circumstances which affect them. These co-operatives are heavily engaged in adopting and streamlining their operations to the conditions of the free market economy. Despite the difficulties they have made remarkable

progress and are still holding significant market shares in their respective fields of activities. But they are aware of the fact that the growing competition from private companies and the needs of members make it necessary to improve further the efficiency and profitability of their operational units. This means high investments in reconstruction, modernizing and closing down of unprofitable units. As a consequence this requires large investment in education and training thus improving the professional skills at all levels.

In addition one of the most important tasks seems to be to revitalize membership and the functioning of the for-

mal democratic systems. In the past members were not accustomed to (nor permitted to) influence and control the affairs of their society. At present, most of them are not interested in doing so, leaving the affairs of the society more or less without guidance and control by members. In this context many problems are similar to those in West European co-operatives meaning that similar solutions have to be found.

A continuous close collaboration between the member organisations of the ICA Region Europe and with the ICA headquarters in Geneva is of great importance to supporting the ongoing process of reconstruction and modernisation.

Report of the Working Group "East–West Collaboration"

by Hans-Detlef Wülker*

In Stockholm last Spring, the ICA European Council discussed how collaboration between the co-operative organisations in East and West could be made more transparent and the role and strategy of ICA Europe in such collaboration and established a Working Group to clarify two questions.

The Working Group comprises: Dr. Armbruster (Germany), Mr. Bartus (Hungary), Mr. Karen (Czech Republic), Ms. Parpais (France), Mr. Schlüter (CECOP–Belgium), Dr. Wülker – Chairman (Germany). The Group has been supported by Mrs. Sozanski and Mr. Invernizzi, ICA Geneva.

Transparency

The Group will study how increased transparency can be brought about in the collaboration between the organisations of Eastern and Western Europe and in the supply and demand in development services.

The Group drafted a questionnaire to find out the extent of involvement in projects, their location, requests received and which organisations can fulfil these requests.

The questionnaire has been submitted to ICA members in both Eastern and Western Europe and the involvement of the European co-operative associations in Brussels is encouraged even though they are not members of ICA Europe.

The Working Group recommends that ICA conduct this survey annually and make available a database from replies received. The use of modern communication technology to implement the survey should be investigated.

Role of ICA Europe

The Group will also study and make recommendations on the role and strategy of ICA Europe in East–West, West–East collaboration and within the framework of technical assistance to be provided for countries of Central and Eastern Europe.

The Group considers it a priority to develop a policy on the collaboration between ICA members from East and West Europe and to define areas where

* Dr. Wülker, Chief Executive of German Co-operative and Raiffeisen Confederation (DGRV) and member of ICA European Council, presented this report to the ICA European Council and Regional Assembly in Budapest, 29–30 October 1996.

ICA can become active for the benefit of its members.

The Group believes that, in order to reach the highest degree of collaboration, several preconditions should be observed:

1. On principle, co-operative collaboration must be sustainable, i.e. structures have to be set up and appropriate frameworks introduced or even changed. Consequently, if we are serious about this, a project activity with the sole aim of "mon-eymaking" should be ruled out.
2. ICA is a subsidiary institution supported by the members' fees. Consequently ICA's work will be focused on members' wishes and interests. This means in return that ICA must ensure that no competitive situations arise between itself and its members in connection with its activities in Central and Eastern Europe.
3. The undisputed force of ICA lies in its reputation as international organisation, its contacts with government agencies and its relations with the co-operative organisations in Central and Eastern Europe as well as the seven principles which unite co-operative organisations from all over the world and from all sectors of the economy.

Recommendations of the WG

ICA should lobby governments and international institutions for an environment which favours the development of co-operatives. Through such high-level policy dialogue, ICA would

give the most positive support to its members.

ICA should expand its already excellent information on the co-operative organisations in East and West through the questionnaire proposed by the Working Group to identify supply and demand, thereby increasing its role of mediating agency and information clearing house.

ICA's reputation could lend credibility to its members through bilateral projects and members may request the Alliance to become partners.

The contribution of ICA in such a bilateral project can be important from an image point of view, and the input by ICA staff could also give an invaluable international perspective. Agreements should be reached between ICA and its members on the form, contents intensity but also financing of the collaboration.

Experiences made during the last years have shown that bilateral projects – i.e. from specialised organisation to specialised organisation – achieve the highest development success.

Members may also request ICA to support a project within the framework of international tenders or larger financing projects.

Should ICA take over such an activity on behalf of a member, the Working Group urgently recommends that clear rules be defined regarding the collaboration between ICA and other partners in the development process.

For financial reasons, ICA cannot keep staff in reserve for project activities.

Therefore, collaboration on behalf of member organisations is imperative for the success of such projects.

On this staff policy background and from the trust point of view, the rules should define i.e.:

- disclosure duty
- decision making procedures

- invitation to tender
- tendering
- selection of project leaders
- control of activities
- financial control

The Working Group also recommends that ICA does not act as a development Consultant offering services at its own initiative, but take on projects at the request of its member organisations.

Harnessing the Collective Genius of People to Create the Results They Truly Desire

by Zahid Qureshi*

Groucho Marx used to say: "Before I speak I have something to say." I also have something to say, and it's about the ICA Statement on the Co-operative Identity.

The Statement defines co-operatives, identifies the movement's key values and lists a set of revised principles intended to guide co-operative organizations in the 21st century.

You are all familiar with the statement, so I need not explain a conclusion I have reached - which is that the Statement deals with the elected side of co-operative organizations: the matters of open membership, democratic control, economic participation, etc. In short, how co-operatives are governed. It does not deal explicitly with how co-operatives are or need to or should be managed. Sure, it has values and principles to guide managers. But it dwells entirely on the role and, if you will, rights of members - perhaps assuming that an organization jointly owned and democratically controlled would have

* Mr. Qureshi is Manager for Communication and Development at the International Co-operative and Mutual Insurance Federation in Altrincham, UK. Paper presented at the ICACC Seminar in Budapest, October 1996.



its values rub off on 'the way it is managed internally'.

To digress for a moment, this friend of mine in Canada has a habit of saying: "But the real reality is..." I am often tempted to correct him: "The reality is nothing if it isn't real." But, more and more, I think he has a point. Reality is often as one perceives it. It can be different from different perspectives. And then there's the real reality.

The real reality is that in more and more co-operative organizations, especially the large and successful ones, it is the employees more than members that give the co-operative its identity and produce its results.

I have been involved in the co-operative movement for some 30 years - as

an employee more than as a member. So I have a natural bias towards pegging co-operative organizations' success in the 21st century more on how they are managed than how they are governed.

The real reality in many large co-operative organizations is that a great majority of the hundreds or even thousands of employees has no affinity to the movement except as a source of employment. How the employees are managed has an enormous bearing on their organization's identity.

Having said what I had to say, I can now speak. But let me first acknowledge - before you correct me - that I do know about the Resolution on Co-operative Democracy adopted by the Manchester Conference, which recommends further study in five areas. Three of these are: innovation of organizational structure, the relationship between members and management, and expanding the relationship with employee participation. My speech, if I ever begin it, will contribute, I hope, to this further study.

Which brings me to the title of my speech: Harnessing the Collective Genius of People to Create the Results They Truly Desire. It is a long title, but the shortest I could think of to describe the central concept of *The Art and Practice of The Learning Organization*, a best-selling book by Peter Senge of MIT.

The old days when a Henry Ford learned *for* the organization are gone. In an increasingly dynamic, interde-

pendent and unpredictable world, it is simply no longer possible for anyone to 'figure it all out at the top.' As one chief executive says, "The person who figures out how to harness the collective genius of the people in his or her organization is going to blow the competition away."

The rest of my speech will address four main questions:

1. What is a learning organization?
2. What kind of leadership does it require?
3. How should leaders influence people?
4. What new leadership skills are needed?

What is a Learning Organization?

Human beings are designed for learning, Mr Senge says. "Children come fully equipped with an insatiable drive to explore and experiment. Unfortunately, the primary institutions of our society are oriented predominantly toward controlling rather than learning, rewarding individuals for performing for others rather than for cultivating their natural curiosity and impulse to learn."

In 1991, Fortune Magazine stated: "The most successful corporation of the 1990s will be something called a learning organization." Mr Senge describes the learning organization as a place "where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nur-

tured, where collective aspiration is set free, and where people learn how to learn together." Since Fortune's prediction, a growing number of companies have implemented learning organization initiatives with positive impact on organizational performance, individual and group productivity, and overall creativity, effectiveness and sense of purpose.

These corporations are focusing on generative learning, which is about creating, as well as adaptive learning, which is about coping.

Generative learning, unlike adaptive learning requires new ways of looking at the world, whether in understanding customers or in understanding how to better manage a business. As one car-maker's executive says, "You could never produce the Mazda Miata solely from market research. It required a leap of imagination to see what the consumer might want."

What Kind of Leadership?

Our traditional view of leaders - as special people who set the direction, make the key decisions, and energize the troops - is deeply rooted in an individualistic and nonsystemic worldview. Especially in the West, leaders are heroes - great men (and occasionally women) who rise to the fore in times of crisis.

So long as such myths prevail, they reinforce a focus on short-term events and charismatic heroes rather than on systemic forces and collective learning. Leadership in a learning organization starts with the principle of creative ten-

sion. Creative tension comes from seeing clearly where we want to be, our "vision," and telling the truth about where we are, our "current reality." The gap between the two generates a natural tension.

Without vision there is no creative tension. Creative tension cannot be generated from current reality alone. All the analysis in the world will never generate a vision. Many who are otherwise qualified to lead fail to do so because they try to substitute analysis for vision. They believe that, if only people understood current reality, they would surely feel the motivation to change. They are then disappointed to discover that people "resist" the personal and organizational changes that must be made to alter reality. What they never grasp is that the natural energy for changing reality comes from holding a picture of what might be - a picture that is more important to people than what is.

But creative tension cannot be generated from vision alone; an accurate picture of current reality is just as important as a compelling picture of a desired future.

How should leaders influence people? Specifically, leaders can influence people to view reality at three distinct levels: events, patterns of behaviour and systemic structure.

The key question becomes where do leaders predominantly focus their own and their organization's attention? Contemporary society focuses predominantly on events. The media re-

inforces this perspective, with almost exclusive attention to short-term, dramatic events. This focus leads naturally to explaining what happens in terms of those events: "The Dow Jones average went up 16 points because high fourth-quarter profits were announced yesterday."

Pattern-of-behaviour explanations are rarer, in contemporary culture, than event explanations, but they do occur. "Trend analysis" is an example of seeing patterns of behaviour. A good editorial that interprets a set of current values in the context of a long-term historical changes is another example.

Systemic, structural explanations go even further by addressing the question, "What causes the patterns of behaviour?"

By and large, leaders of our current institutions focus their attention on events and patterns of behaviour, and, under the influence, their organizations do likewise. That is why contemporary organizations are predominantly reactive, or at best responsive - rarely generative.

New Leadership Skills Needed?

New leadership roles require new leadership skills. Three critical areas of skills (disciplines) are: building shared vision, surfacing and challenging mental models, and engaging in systems thinking.

Building shared vision

How do individual visions come together to create shared vision? A useful metaphor is the hologram, the

three-dimensional image created by interacting light sources. If you cut a photograph in half, each half shows only a part of the whole image. But if you divide a hologram, each part, no matter how small, shows the whole image intact. Likewise, when a group of people come to share a vision for an organization, each person sees an individual picture of the organization at its best. Each shares responsibility for the whole, not just for one piece. But the component pieces of the hologram are not identical. Each represents the whole image from a different point of view.

When more people come to share a vision, the vision becomes more real in the sense of a mental reality that people can truly imagine achieving. They now have partners, co-creators; the vision no longer rests on their shoulders alone. Early on, when they are nurturing an individual vision, people may say it is "my vision." But, as the shared vision develops, it becomes both "my vision" and "our vision."

Surfacing and testing mental models

Many of the best ideas in organizations never get put into practice. One reason is that new insights and initiatives often conflict with established mental models. The leadership task of challenging assumptions without invoking defensiveness requires reflection and inquiry skills possessed by few leaders in traditional controlling organizations.

Most managers are skilled at articulating their views and presenting them

persuasively. While important, advocacy skills can become counterproductive as managers rise in responsibility and confront increasingly complex issues that require collaborative learning among different, equally knowledgeable people. Leaders in learning organizations need to have both inquiry and advocacy skills.

Systems thinking

We all know that leaders should help their people see the big picture. But the actual skills whereby leaders are supposed to achieve this are not well understood.

Experience shows that successful leaders often are "systems thinkers" to a considerable extent. They focus less on day-to-day events and more on underlying trends and forces of change. But they do this almost completely intuitively. The consequence is that they are often unable to explain their intuitions to others and feel frustrated that others cannot see the world the way they do.

One of the most significant developments in management science today is the gradual coalescence of managerial systems thinking as a field of study and practice. This field suggests some key skills for future leaders:

Seeing interrelationships, not things, and processes, not snapshots

Most of us have been conditioned throughout our lives to focus on things and see the world in static images. This leads us to linear explanations of systemic phenomena.

Moving beyond blame

We tend to blame each other or outside circumstances for our problems. But it is poorly designed systems, not incompetent or unmotivated individuals, that cause most organizational problems. Systems thinking shows us that there is no outside - that you and the cause of your problems are part of a single system.

Distinguishing detail complexity from dynamic complexity

Some types of complexity are more important strategically than others. Detail complexity arises when there are many variables. Dynamic complexity arises when cause and effect are distant in time and space, and when the consequences over time of interventions are subtle and not obvious to many participants in the system. The leverage in most management situations lies in understanding dynamic complexity, not detail complexity.

Focusing on areas of high leverage

Systems thinking shows that small, well-focused actions can produce significant, enduring improvements, if they are in the right place.

Avoiding symptomatic solutions

The pressures to intervene in management systems that are going awry can be overwhelming. Unfortunately, given the linear thinking that predominates in most organizations, interventions usually focus on symptomatic fixes, not underlying causes. This results in only temporary relief, and it tends to create still more pressures later on for further, low-leverage intervention. If leaders acquiesce to these pres-

tures, they can be sucked into an endless spiral of increasing intervention. Sometimes the most difficult leadership acts are to refrain from intervening through popular quick fixes and to keep the pressure on everyone to identify more enduring solutions.

The Great Leader

Most top executives are not qualified for the task of developing culture. Learning organizations represent a potentially significant evolution of organizational culture. So it should come as no surprise that such organizations will remain a distant vision until the leadership capabilities they demand are developed. Then they will realize an age-old vision of leadership.

In the words of Lao Tsu:

The wicked leader is he whom the people despise

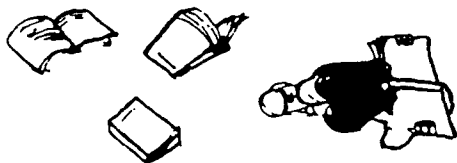
The good leader is he whom the people revere

The great leader is he who enables people to say, "We did it ourselves."

The co-operative identity and values lend themselves readily to this vision of leadership and to the concept of collective learning.

In the global scheme of things in the 21st century, co-operative organizations will become increasingly relevant and successful - if they realize this age-old vision of leadership and, as learning organizations, can harness the collective genius of staff as well as members to create the results they truly desire.

And that is the test of the real reality.



Book Reviews

Cooperation Works!

by E. G. Nadeau and David J. Thompson, *Cooperative Development Services, Madison, WI, (608-258 4396) price \$16.96*

At last! A practical, easy-to-read book which explores the huge potential of cooperatives in the '90s.

For years, researchers, undergraduates, instructors, public policy analysts and co-op leaders have decried the lack of text and quality analysis on cooperatives. *Cooperation Works!* will help fill that void.

This is the book which many who share an expansive vision of what cooperatives can be have been waiting for. By examining examples of cooperatives in 50 real-life situations - ranging from Bookpeople, an employee owned book publishing and distributing organization which grew out of the California counter-culture of the '60s to the Southern Minnesota Beet Sugar Cooperative, a value-added farmer cooperative - authors E.G. Nadeau and David Thompson cast a spotlight on one of the most quiet, current success stories in the American economy.

In so doing, they may have made a significant contribution to expanding the

awareness of the versatility and value of cooperatives in meeting modern day economic, social and community needs.

Those who work in cooperatives have long known about their effectiveness in meeting people's real needs. What has often perplexed and frustrated many cooperators is why cooperative successes aren't more widely known and utilized. The questions are familiar:

Why don't American farmer schools teach courses in the cooperative business form? Why don't state and federal governments utilize the local ownership and proven democratic control that cooperatives provide to address needs in housing, child care and welfare?

Why aren't labor unions and consumer groups championing worker and consumer cooperatives as practical ways to empower American workers and combat ever increasing concentrations of corporate power?

Why don't Main Street small businesses take a page out of the farmer co-ops book and utilize co-op models to expand their buying and marketing power?

And, in a time of huge government deficits and budget cuts, why don't more governmental units work together in co-ops to utilize proven ways to reduce costs and improve coordination? Cooperation Works! doesn't pretend that co-ops have the answer to every societal problem. And, because of the broad-ranging scope of this work, covering over 50 different cooperative examples, the reader is often left wishing for more in-depth analysis.

Yet few who read this fine new work will be disappointed. Even the most experienced cooperator will find his/her cooperative knowledge and understanding expanded.

For this reason, and because of its eminent readability, I would urge cooperatives and co-op associations of all kinds to strongly consider making Cooperation Works! a standard part of their director and employee training and orientation programs. How many times have you heard (or said) Our people just don't understand the cooperative model. I wish I could open their eyes to what cooperative really means. Because Cooperation Works! uses great real-life examples and the words and voices of actual people rather than the dry techno-speak and graphs of the economist, employers, directors, students and elected officials can readily relate to and appreciate its message.

If this work gathers the interest and attention it deserves, it may have a lasting impact. Cooperatives may no longer be such a kept secret!

Rod Nilsestuen

Report on the Regional Seminar on Housing Co-ops, Kuala Lumpur, Malaysia, March 25–29, 1996

ICA ROAP, New Delhi, 1996, 213 pp, tabs.

The report gives a good overview of the status, prospects and problems of housing co-operatives in Asia and Pacific region and indicates the need and strategy for future development of co-operative housing. The first part of the report provides the recommendations and seminar proceedings.

The second part covers background papers from India, Indonesia, Myanmar, Pakistan, Philippines and Sri Lanka.

The third part finally presents profiles of organisations attending the seminar and gives the full list of participants.

Alina Pawlowska

International Co-operative and Mutual Insurance Federation Member Directory - 1996

ICMIF, Altrincham, 1996, 394pp.

For the second consecutive year the ICMIF has published its membership directory. ICMIF full members now represent over 150 insurers belonging to 82 member organisations in 52 countries. In addition to full members, ICMIF has 4 associate members that are co-operative insurance agencies, and 5 observers that, although involved with co-operative or mutual insurance, are not risk-bearing entities.

The first pages of the directory present an overview of the Federation's membership, the second part gives detailed information on individual members.

Each information sheet is divided into three distinct parts. The first gives fairly standardised information on the management structure, history, and areas

of operations. The third gives financial statements. But for many reasons, and this is a particular merit of the authors of this Directory, the second part called Strategic Issues is the most interesting. This section describes the strategies that the company adopted in order to promote business, the challenges – coming from inside or outside – obstacles or innovations for the future. If for many societies the competition from other actors on the market is the first source of preoccupation, the policies involved enhance the distinct co-operative identity.

It would certainly be useful to add to this Directory a few tables presenting at a glance the world's largest co-op insurance companies, but no doubt this will be done in next edition.

AP

Regional Consultation on "Co-operatives in a Changing Socio-Economic Environment" in the Asia-Pacific Region. 2-6 December 1996, Yangon. Background Papers.

ICA ROAP, New Delhi, 1996, 78pp.

The regional consultation opens the preparatory process for the next Ministerial Conference which will be held in Chiangmai in 1997.

Overall Implementation and Achievements of the Past Three Co-operative Ministers Conferences, by Dr

R.C.Dwivedi, presents the achievements and failures of the first conferences. The author has been involved in the process since the very beginning.

Critical Study on Co-operative Legislation and Competitiveness, by Ibnoe

Soedjono and Mariano Cordero. It covers five countries: Indonesia, Malaysia, Philippines, Singapore and Thailand, and reviews the progress in drafting or enactment of co-op legislation.

Gender and Development, by Akiko Yamauchi, addresses various issues relating to gender equality and co-operatives. Co-operatives are one of the best tools women can use to gain economic independence. The ICA has been actively promoting women's involvement in the co-operatives. The

new principles highlight women's role and emphasise the importance of gender balance in relation to development.

Sustainable Development and Co-operatives, by U. Herath, presents Asian experience. The role of co-operatives in poverty alleviation, food security, employment creation, literacy, conservation of ecosystems, environment-friendly marketing systems and promotion of appropriate technology is thoroughly analysed.

AP

Report of the ICA ROAP Sub-Regional Workshops on Gender Integration in Co-operatives

ICA ROAP, New Delhi, 1996, 189 pp, tabs.

The workshops were aimed at sensitizing participants on gender issues in co-operatives and imparting skills of gender analysis and planning through training sessions, so that the participants could analyse gender issues in their countries and draft action plans to

solve the problems. The participants presented the current situation of women's participation in their respective countries: Fiji, India, Indonesia, Israel, Korea, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand.

AP

Report of the 3rd ICA-NACF Regional Seminar on Agricultural Co-op Business Development with Special Reference to Korean Experience, Seoul, 6-15 May 1996

ICA ROAP, New Delhi, 1996, 167pp, tabs, graphs.

The objectives of this international seminar held at Agricultural Co-operative Junior college of NACF were to learn the structure and business of agricultural co-operatives in Korea and possibilities of transferring this experi-

ence to other countries. Besides an extensive part devoted to Korean experiences, the book contains good basic reports on agricultural co-ops in China, India, Mongolia, Myanmar, Philippines and Vietnam.

AP

International Co-operative Alliance Regional Office for Americas Conferencia Regional 95 - Alianzas Estrategicas Cooperativas - Para Ser Competitivos Todos, Miami 6-8 Diciembre

ROAM, San José, 1996, 184p. Bi-lingual Spanish/English.

The three-day conference held last year was attended by more than 700 delegates from all over the Region. Strategic alliances according to J-D. Pacheco, the Regional Director, are a privileged instrument of development chosen frequently as a means for expanding markets and reaching a greater number of customers with co-operative products and services. Although this practice grew rapidly in the private sector, there were not many similar examples within the co-operative movement. Nevertheless, in the last few years, there has

been a notable increase of alliances between co-operatives and private and public sector companies. The moment was right to examine the situation and trends with respect to strategic alliances, what everyday is more widely accepted as an appropriate means for expanding the co-op business. The report investigates the new phenomenon under different angles: comparison with co-operative basic values, how to negotiate and to finance, and finally it gives some examples of strategic alliances in the Americas.

AP

Guia de Reconversion Productiva Para Empresas Cooperativas de Produccion

ROAM, Développement International Desjardins, 1996, 233 pp.

The present manual aims at offering the co-operatives of the region a guide how to manage the process of conversion. The first part is centred around theoretical concepts and methods to be used for successful conversion, the sec-

ond presents a serie of technical files analysing : preliminary conditions, internal organisation, logistics, human resources, negotiations, competition, profile of the sector.

AP

Anuario de Estudios Cooperativos - Lankidetzako Ikaskuntzen Urtekaria 1995.

Universidad de Deusto, Instituto de Estudios Cooperativos, Bilbao, 372pp.

This issue of Anuario is rich and eclectic - just as the year 1995 was for the international co-operative movement.

A large part of the issue is taken up by papers referring to the innovations introduced by the XXXI ICA Congress and revision of the principles. Besides background papers such as the Declaration on the Co-operative Identity and the Resolution of the General Assembly, the reader will find an account of the main events which took place during the Congress, the meetings of specialized bodies and other assemblies held in parallel.

Four authors examine the new principles: Dr Alicia Kaplan de Drimer gives a detailed account of the process started in 1988. After explaining the reasons for reformulation, she analyses the definition of co-operatives and compares the new principles with the previous version. Dr Carlos Albero Farias focuses on the case of co-operative banks in Argentina. The co-op banks which collect approximately 10% of all deposits had to re-organise their internal and external structure urgently in order to meet the requirements of the new financial law. Despite the risk of an identity crisis, the ideological wealth of the co-operative movement was able to be maintained. Hans-H. Münkner investigates how the crisis, the uncertainty and the lack of orientation due to the disintegration of the

local systems of values influence the present situation in Africa. Juan José Sanz Jarque looks into the future of co-operatives and their responsibility to contain the social crisis. He advocates, when necessary, the transformation of co-operatives into other corporate forms.

Victor Pestoff explores the potential of social accounting as a method to avoid deviation from objectives in co-operative and non-profit organisations. Focusing mainly on external and not internal accounting, the author discusses the need both to control these organisations and inform about their social impact. In particular, he deals with the question of why the co-operatives have to undertake the execution of social reports, to whom these should be addressed and how they should be prepared.

Yair Levi's study deals with the introduction to work of people with low and medium levels of mental handicap in solidarity co-ops in Italy. It seems that solidarity co-ops "deviate" from such co-operative rules as homogeneity of membership and the identification between member and user and question such common practices as the payment of an interest on member shares and the distribution of surpluses. The apparent co-operative limitations, however, prove to be cementing elements in the co-operatives' cur-

rent activities and the motivating forces in their solidarity, non-profit orientation.

Graciela Etchart's article on a co-operative model for Brazilian Amazonia researches the possibilities for the sustainable development of the community of Tingu in the Amazonia flood plain. It suggests a co-operative model to manage local resources. Co-operative models seem more prone to pro-

mote intragenerational equity, a premise of sustainable development.

Finally two series of papers present national movements: Institute for the Development of Social Economy publishes figures on growth and distribution of employment in co-operatives and workers societies in Spain, and the Royal Norwegian Society for Development, the main co-op families : farmers, consumer and housing.

AP

International Co-operative Alliance Membership by Region

AFRICA

ORGANISATIONS	26
COUNTRIES	16
INDIVIDUALS	13,924,267

3 BENIN	56,000
1 BOTSWANA	77,736
1 BURKINA FASO	20,000
1 CAPE VERDE	20,000
1 COTE D'IVOIRE	176,422
6 EGYPT	4,000,000
1 GAMBIA	100,000
2 KENYA	2,700,430
1 MALI	4,400
1 MOROCCO	675,609
1 NIGER	880,000
2 SENEGAL	2,300,000
1 SWAZILAND	17,430
1 TANZANIA	1,351,018
1 UGANDA	638,222
2 ZAMBIA	907,000

AMERICAS

ORGANISATIONS	45
COUNTRIES	18
INDIVIDUALS	170,527,990

8 *ARGENTINA	884,000
2 BOLIVIA	N/A
5 BRAZIL	3,747,804
2 CANADA	12,000,000
2 CHILE	183,300
3 COLOMBIA	N/A
3 *COSTA RICA	196,663
1 CURACAO	17,000
3 *EL SALVADOR	71,369
1 GUATEMALA	257,063
3 HONDURAS	202,430
1 MEXICO	308,255
1 PARAGUAY	95,378
1 PERU	N/A
3 PUERTO RICO	1,028,077
2 URUGUAY	844,651
4 USA	150,692,000

WORLD TOTAL

INDIVIDUAL	765,258,821
NATIONAL ORG.	223
INTERNATIONAL ORG.	7
COUNTRIES	95

ASIA and the PACIFIC

ORGANISATIONS	59
COUNTRIES	25
INDIVIDUALS	492,966,512

1 BANGLADESH	7,476,967
1 CHINA	160,000,000
1 FIJI	21,276
9 INDIA	174,820,000
1 INDONESIA	35,715,623
2 IRAN	8,174,140
1 ISRAEL	714,680
11 JAPAN	57,527,085
1 JORDAN	72,722
1 KAZAKHSTAN	3,700,000
6 KOREA, RO	10,040,552
2 *KUWAIT	192,155
1 KYRGHYSTAN	1,069,000
5 MALAYSIA	3,818,414
1 MONGOLIA	64,000
1 MYANMAR	3,984,096
2 PAKISTAN	9,391,926
2 PHILIPPINES	484,557
1 SINGAPORE	926,049
4 SRI LANKA	4,549,800
1 THAILAND	5,844,027
1 TONGA	1,200
1 TURKMENISTAN	738,000
1 UZBEKISTAN	3,640,243
1 VIETNAM	N/A

EUROPE

ORGANISATIONS	93
COUNTRIES	36
INDIVIDUALS	87,840,052

1 ARMENIA	14,512
3 *AUSTRIA	2,200,326
1 AZERBAIJAN	920,000
1 BELARUS	1,921,028
4 BELGIUM	N/A
2 *BULGARIA	418,000
4 CYPRUS	539,270
2 CZECH Rep.	1,674,902
3 *DENMARK	780,200
1 ESTONIA	80,573
2 FINLAND	2,256,679
6 *FRANCE	10,593,600
1 GEORGIA	200,000
4 *GERMANY	1,960,000
2 GREECE	1,029,120
4 HUNGARY	3,898,056
1 ICELAND	N/A
3 *ITALY	3,836,718
1 LATVIA	761,400
1 LITHUANIA	358,000
1 MALTA	5,016
1 MOLDOVA	610,927
4 *NORWAY	1,303,711
2 *POLAND	6,092,000
2 PORTUGAL	2,164,119
2 ROMANIA	6,165,000
5 RUSSIA	12,578,015
1 SLOVAK REP.	1,425,917
1 SLOVENIA	25,000
7 *SPAIN	266,443
6 SWEDEN	7,473,000
1 SWITZERLAND	1,330,520
6 TURKEY	N/A
1 UKRAINE	6,700,000
5 UK	8,258,000
1 YUGOSLAVIA, Ex	N/A

* see notes

International Organisations in Membership of the ICA

<i>Name of the Organisation</i>	<i>Location of Secretariat</i>	<i>No. of Countries</i>	<i>No. of Societies</i>	<i>Individual Membership</i>	<i>Activity Sector</i>
ACCU	Bangkok	13	13,921	5,769,797	Credit union league
COLAC	Panama	18	32	4,816,843	Credit union league
CONSUMINTER	Moscow	N/A	N/A	N/A	Foreign trade society
CCC-CA	San José	N/A	N/A	N/A	Regional association
ICPA	Dordrecht	N/A	28	N/A	Supply of oil products
OCA	Bogota	19	146	40,000,000	Regional association
WOCCU	Madison	87	37,078	88,015,561	Union of savings & credit co-ops.

1995 Statistics

by Alina Pawlowska*

The revised statistics for 1995 show three significant facts; two of a geographical nature and the third of a sectorial nature.

Firstly, after many years when Asia was the leading region for membership development, the trend has moved to Latin America. Leaving aside the USA and Canada, the two heavyweights of the region, the rise in membership is taking place in Latin American. For example, the five ICA members in Brazil represent almost four million members and a hundred and fifty thousands jobs. In 1995 alone, the Brazilian agricultural/livestock sector exported nine hundred and seventeen million US dollars of agricultural produce. In 1995, this sector accounted for 55% of the national dairy production, 44% of barley and 62% of wheat and its share of GNP was more than five percent. In recent years worker co-operatives in the region have also increased substantially - the medical doctors' union is now present in three quarters of the Brazilian municipalities.

Europe still retains the record for membership within ICA, organisations from the European Union being the largest regional grouping with over sixty very

diversified organisations representing all sectors. We can only regret that the lack of effective national monitoring systems hinders any meaningful comparison between them. For example, the co-operative organisations in Spain were unable to provide us with data at the time of the survey.

The second interesting fact is that, contrary to the prophecies of certain Cassandras, the co-operatives in Eastern and Central Europe did not disappear altogether. After a period of divisions and liquidations, a kind of precarious stabilisation has been achieved. It now appears that the co-ops, having been freed from their obligation to feed or house the nation, have found their own niche in the market economy and become just another player in the economic life. There is a marked trend of co-ops abandoning the traditional sectors such as agriculture or retail distribution, or being squeezed out by competitors, and developing instead in new areas such as health care and financial services. Sometimes the individual country's new economic and political systems are not ready to accommodate these new initiatives, as was the case with Moscow's Unity Bank, but credit unions and insurance co-ops have made excellent progress — notably in Poland and Slovakia. However, there is no uniform evolution in the business development within this region — the

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economic performance depends on the economic environment within each country. Consumer co-ops in Bulgaria and Hungary made a comfortable surplus in 1994, for example, while Centrosoyuz in Russia registered losses. Interestingly enough, this year, the reply rate to our questionnaire from Eastern and Central European organisations was almost 100%, compared with 67% in the region as a whole.

The third fact that should be noted is the stagnation of consumer co-operatives in the ICA membership. There were no direct consumer co-operative admitted into ICA membership in 1995 and 1996. The only exception to this rule could have been the case where a national apex union might include a national federation of consumer co-ops within its own membership. Most newly admitted societies come from

the financial (e.g. insurance and credit unions) or from the service sector. This is an evolution which should be taken into consideration when establishing development plans.

In Africa the work of ICA Regional Offices is focused on strengthening existing movements.

The largest and the smallest ICA member organisations are to be found in Asia. The All China Federation, with 160 million members, is the largest single society in membership of the ICA and the Tonga Co-operative Federation, with 1,200 members, is the smallest. To give as an example the smallest member of ICA, it can be noted that the 64 local societies in Tonga have a turnover of 20 million USD and a surplus of 80 thousand USD. Members are served by 159 employees, a third of which are women.

Notes

N/A – data Not Available

* – data available for certain organisations

Austria – data for Raiffeisen Union

Bulgaria – data for Co-op Union

Denmark – data for FDB

France – data for Confédération Nationale du Crédit Mutuel and Confédération Nationale de la Mutualité de la Coopération et du Credit Agricoles

Germany – data for consumer unions

Italy – data for La Lega

Norway – data for NKL and NBBL

Poland – members of all registered co-operatives

Spain – data for Consejo Superior de Euskadi

Korea – data for NACUFOK and NACF

Kuwait – data for Consumer Union

Argentina – data for Instituto Movilizador, Coninagro and Cooperativa Electricidad de Bariloche

Costa Rica – excluding Consucoop

El Salvador – excluding COACES

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