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THIS ISSUE:

MANAGEMENT COMPETENCIES FOR CONSUMER CO-OPERATIVES

INDIVIDUAL MEMBER PSYCHOLOGY OF OWNERSHIP IN CONSUMER CO-OPERATIVES

THE USE AND MISS-USE OF CO-OPERATIVES. A GREEK HISTORICAL CASE STUDY

COMMUNITY CO-OPERATIVES AND EMPOWERMENT IN INDIA

FACTORS LEADING TO SUCCESS IN SPANISH AGRICULTURAL CO-OPERATIVES

A FEASIBILITY STUDY ON HEALTH CO-OPERATIVES FOR ETHIOPIA

BOOK REVIEW

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Editorial

At the time of going to press the latest UK demutualisation – this time of Co-operative Travel has yet to be approved by the European Competition Commission. Assuming it does get approval the new joint venture as the Co-operatives Group press release calls it will be 70% owned by the Thomas Cook Group with the existing CEO of Thomas Cook, Mani Fontenla-Novoa, remaining in charge and Co-operatives Group holding the minority 30% of the stock. This continues the sad string of self-offs – the end in the UK of independent co-operative food manufacturing, opticians, shoes and now travel. This development takes place in the context of massive reductions in retail outlets and loss of market share over a period of the last 50 years. One wonders how much hidden privatisation via outsourcing there has been in Co-operatives Group and its predecessor the CWS Ltd. It's not of course that all joint ventures and outsourcing are necessarily wrong in the context of co-operatives but the strategy has to be justified by growth and accessing competences and technologies and other resources not otherwise available – not retrenchment due to management failure. What has been lost to the co-operative sector is described in the Co-operatives Groups own press release notes to editors which I quote in full.

“Co-operative Travel is part of The Co-operative Group (www.co-operative.coop) which stands apart from other major retailers in the UK as a business which is owned, not by a small group of shareholders, but by more than five million consumers. With core interests in food, financial services, travel, pharmacy, funerals and farms, it has an annual turnover of £13.5 billion, employs 120,000 staff and operates over 5,000 retail trading outlets handling more than 20 million weekly transactions.

Its travel business looks after more than two and a half million passengers annually through a variety of sales channels including 401 travel outlets and a 345-strong team of home-workers. It also supplies products and services to a consortium of 148 independent travel agents.”

Income will of course still be being generated to the Co-operatives Group from their 30% stake in the privatized business but management control has been lost and with it the opportunity to generate a real co-operative value based alternative in the marketplace. I used to think Co-op Travel was a core interest but not apparently in the view of Peter Marks the CEO of Co-operatives Group. If we leave the Group in the hands of people whose thinking is

guided by this approach there soon will be nothing left of the Co-operative Group. I call upon the entire membership to set down resolutions in their regional societies condemning the whole string of self-offs and calling for a fundamental change of management culture and leadership. We need managers with a vision to grow the co-operative sector not sell it.

On a more positive note we have two papers from Finland. The Finnish Consumer Co-operative Movement is far better managed and far more successful than is the case in the UK, (and most other places too). I wonder why the entire world's consumer co-operative management are not looking closely at the Finnish Consumer Model as a possible model strategy worthy of global application. Our lead paper is a joint effort by *Pasi Touomin*, *Iiro Jussila* and *Noora Rantanen* all based in the School of Business at Lappeenranta University. It deals with the issue central to the mission of the journal, namely managerial competence broadly understood. Their focus is on consumer co-operatives drawing on empirical observations based on the Finnish Movement and using an inductive methodological approach to build theory. Given the obvious success their consumer movement has had this approach has promise and is long overdue.

This is to my knowledge the first serious empirical investigation of my own theories derived from a wide range of philosophical methodological and empirical sources focused on three case studies of the UK Co-operative Bank under the leadership of its former CEO Terry Thomas. The researcher's propositions and their findings are encouraging and interesting. Their finding of a lack of a systematic approach to management development and recruitment and selection even in the context of this most successful co-operative business may be read by some as proof that 'experience' is the best teacher. I believe this would be a profoundly wrong reading however and is not the conclusion of the researchers themselves who clearly believe a systematic value based approach to the development of co-operative management competences is a necessary approach for any strategic co-operative organisational and management development.

The second Finnish paper is another exciting piece of research into consumer co-operation. This time from the membership perspective exploring the idea of the impact of individual members' psychological perception of ownership by two of the above authors *Iiro Jussila* and *Pasi Touomin*. In the previous paper the three researchers identified the management of information concerning the

consumer and of the consumer interface as critical competences and this paper provides a parallel study which underlies the importance of both these competences for what we may consider to be the management of the memberships *psychological contract* although this particular model drawn from the employment relations literature is not expressly referred to in the paper. I have argued that good Co-operative Governance requires good management leadership not to by-pass the membership but to engage with it. One critical measure of co-operative management competence is precisely the degree of an individual member's sense and pride in ownership of 'their' co-operative. Again I find this research really exciting in its examination of the individual psychology of co-operation. Surely ownership must be one key competitive advantage a co-operative has over its global multinational and national rivals? The authors survey a vast array of literature on the psychology of ownership in the context of co-operative ownership.

Iiro Jussila and *Pasi Touomin* explore the idea of the *extended self* and I hope to read more of this in the co-operative context in future papers. The potential danger of fixing on *ownership* lies exposed precisely here in the grounding of our sense of self in what we *possess* rather than with whom we share a relationship. I am a father, a son, a brother, a co-operator, a citizen and a Christian because I share a relationship with others *fraternity and a sense of belonging too rather than ownership of* may be more significant determinants of our sense of self. I do not want to dismiss ownership of things as having no role to play in my sense of self for example my choice of a 1959 Morris Minor for my car rather than say a second hand Saab sports car (some of which I could afford) is my message to the world of how I want the world to see me as a person. I would want to argue that the things I acquire and the organisations to which I belong – membership is more about belonging too than owning – really is a reflection of my sense of self and a reflection of my values rather than seeing them as constructing who I am. They also raise the important issue of geography and regional identity in establishing the sense of self. There is some interesting work on the impact of British co-operative architecture in establishing a sense of presence in city centres in the late 19th and early 20th centuries undertaken by Nicole Robertson, *The Co-operative Movement and Communities in Britain, 1914-1960. Minding Their Own Business*, Studies in Labour History, Ashgate, 2010, pp251. ISBN 978-0-7546-6057-6

The co-operative store became a land mark – literally seen as part of the town or city. I am sure this work by *Iiro Jussila* and *Pasi Touomin* will stimulate many to research and reflect further on the topic. Clearly the synergy between the members personal values and those

incorporated and reflected by the co-operative organisation to whom *I belong* – am a part of – will be critical to my sense of the organisation as part of my extended self. This is in modern management parlance of course part of the “Brand Equity” and needs to be established by close research into customer / member attitudes and values and life style aspirations. The opportunity to undertake this authentically is nowhere better placed than the co-operative ownership model pursuing co-operative purpose and values. Yet how rarely do we find co-operative managements with the competence to achieve this? *Fraternity* may be worth exploring as a defining characteristic of the extended self.

We might, arising from this thought provoking paper, suggest that establishing Co-operative Identity within the individual member and within the co-operative organisational culture is part of understanding the co-operative values in the *extended self* and being able to articulate them and enable the member to experience them personally. This is I believe the logical place to develop the work of *Ian Macpherson* and his legacy in the *ICA Statement of Co-operative Identity*. In an increasingly individualized and branded global culture the realisation of *Co-operative Identity* in co-operative members and organizations remains a key strategic objective for the continued sustainability of the co-operative project. The competences around co-operative value based management may be where the two papers from Finland meet with important consequences for defining areas of further research.

Our third paper is an equally challenging and innovative work this time exploring the impact of the social, competitive and institutional / political context in which co-operatives arise and often die. *Constantine L. Papageorgiou* provides us with a hard hitting critical case study of the Greek agricultural and agricultural banking sector from a historical perspective ranging from early in the 20th century to current times. The critical and sadly often perfidious role of the state in restricting co-operatives is highlighted in this analysis. The case outlined by *Papageorgiou* is of more than historical significance for the Greek case. All over the Americas, Africa and Asia Pacific Regions and today in the European Commission the state has been lobbied and has often acted to restrict the co-operatives. In many parts of the world governments are merely the tools of big business. Often in countries with official government departments promoting co-operatives the reality behind the rhetoric is a co-operative sector restricted by government regulations to the low end of the value chain to support the big business interests who cream off the high value added. Too often external political manipulation, as in the old Soviet backed states, has totally subverted the co-operative model.

Papageorgiou also highlights the often heroic aspects of co-operatives in the face of oppression and the vision and determination of many co-operators struggling to bring greater justice into economic life. The paper ends not so much with an academic evaluation as with an aspiration. This is not meant as a criticism. If we think of an academic as merely a disinterested observer and interpreter we do an injustice to the academy. Without a belief in the idea of the truth and a commitment to seek it out and fearlessly promote it there would be no academy worthy of the name. The empirical data on the development of co-operatives, of which the *Papageorgiou* paper is an important documentation of a particular historical and political context, is clear. Without committed vision and faith in the existence, possibility and justice of the realisation of the *common good* as being integral for the dignity and well-being of the individual person there would be no co-operative movement. As St Peter in his letter to the Hebrews wrote; "Now faith is the substance of things hoped for, the evidence of things not seen." (King James, Hebrews 11 v1) Co-operatives however miss-used and subverted remain just that the substance of things hoped for – namely that we can make a better world based on fraternity, democracy and justice.

The remaining paper by *Cristina Pedrosa Ortega* reviews the literature concerning the success factors in the management of agricultural co-operatives in Spain. This is evolving into an important qualitative case study of an important player in the Spanish olive oil business operating in the agricultural co-operative sector. After examining the alternatives the paper looks at the challenges of adopting a stakeholder approach in the co-operative context. The question is of course what kind of management model best suits this approach? The options most developed by the literature are the civil servant model (generally assuming the basic scientific management / human relations type approaches) the collective model, charismatic, and servant leader/transformational leadership models of management behaviour. Davis (1995), Davis and Donaldson (1998) and Davis (1999 and 2004) have argued that a co-operative value-based version of the stewardship of servant leader type model would be best suited to impartially manage the various stakeholder relationships. This was considered but the argument was not pursued in this paper.

I do feel that *Pedrosa Ortega* accepted the idea of leadership and team work as *alternatives* rather too hastily in her review of what teamwork implies and how effective teams are constituted. The best teams have, I am tempted to say always have, appropriate leaders for the make-up of the teams and the tasks they have to accomplish. The *Papageorgiou* paper focuses in detail on the exogenous factors impacting on performance and the latter are also acknowledged as being important determining

management success in the Spanish case too. The quality of the leadership element within management can be critical for co-operatives challenged by environmental factors emanating from socio/economic and legal/political systems. Having identified a set of factors and a methodology and subject for investigation we look forward to the empirical results in a future development of this on-going research and particularly what it has to tell us concerning the relationships between the Co-operative CEO and the Board.

Our first research report comes from India by *Sudba Kornginnaya* and was presented last year at the ICA Co-operative Research Seminar in Oxford. The proposition being hypothesized is a familiar one, namely that co-operatives offer an excellent vehicle for a bottom up empowerment of the poor and particularly of poor women and are the only available recourse in periods of economic crisis. There is a great deal of accumulated case study evidence to support these assertions arising over many years of co-operative successes in all parts of the world. However, as important as these successes are for those individuals and communities in which they arise one senses the failures are also there but much less well documented. Two hundred years after the first modern co-operative successes co-operatives remain at the margins of the economy and poverty and the gap between rich and poor appears to be as wide as ever. Why has the co-operative model failed to achieve the breakthrough? Why has it suffered so many reversals? One feels we need more studies of the kind undertaken in *Papageorgiou's* paper to answer these questions and more importantly to identify solutions that enable the co-operative potential to become the reality. In the meantime let us not discourage those like *Kornginnaya* who have focused on the local immediate needs for empowerment and development. It is never a question of either / or but one of balance in research. We do need a top-down approach however to establish the strategic bigger picture that *Papageorgiou's* paper reveals in its political and institutional aspects. A similar critical historical study may throw light on the failure highlighted in the *Kornginnaya* paper of the top down approach in countries like India where the post-imperial superstructure appeared to be so favourable to the co-operative option after 1947.

That co-operative through voluntary association act to fill the gaps of neglect and to combat the forces of exploitation has been two of their defining features. However, when governments seeking to neglect or avoid what some at least would see as their duty of care to their citizens by co-opting (possibly coercing would be too strong in most cases) the co-operative movement one is back to the *Papageorgiou* argument about the miss-use of the co-operative sector. Co-operative health care being

promoted by the WHO and ILO in Africa and elsewhere as an alternative to private sector and public sector cover may well be another case of the miss-use of co-operatives. Certainly African countries cannot afford the Western European standards of public health but Cuba a country far poorer in resources and with a smaller population than most African countries provides a relatively very good standard of public health care. I quote from a United States academic.

“Just a morning’s boat ride from the tip of Florida is a place where medical costs are low and doctors plentiful. It’s Cuba, and Stanford University physician Paul Drain says it’s time for the United States to pay attention to our neighbor’s shoestring success.

Despite a 50-year trade embargo by the United States and a post-Soviet collapse in international support, the impoverished nation has developed a world-class health care system. Average life expectancy is 77.5 years, compared to 78.1 years in the United States, and infant and child mortality rates match or beat our own. There’s one doctor for every 170 people, more than twice the per-capita U.S. average.

*Not everything is perfect in Cuba. There are shortages of medicines, and the best care is reserved for elites. But it’s still a powerful feat. “In Cuba, a little over \$300 per person is spent on health care each year. In the U.S., we’re spending over \$7,000 per person,” said Drain, co-author of *Caring for the World* and an essay published April 29 in *Science*. “They’re able to achieve great health outcomes on a modest budget.”*

(<http://www.wired.com/wiredscience/2010/04/cuban-health-lessons/#ixzz14DKvBepd>)

The feasibility study undertaken by *Dr Karthikeyan* and *Prof. Bekele Tassew* in our last paper under on-going research is an up-beat response to such a government call on co-operative resources. As the authors themselves note their feasibility study is a response to ILO, WHO and Ethiopian Government encouragement launched at a seminar earlier this year at which I was invited to make a contribution. My own view is that in the absence of the state the co-operatives are a way to provide some opportunities to provide relatively basic health care but there needs to be real campaigns to ensure health care is a priority for Government expenditure in all countries starting with proper sanitation and clean water systems ahead of expensive medicines and hospitals. Access to health care should be free and treatment made available free on the basis of need not ability to pay. Health care co-operatives set up by well-intentioned co-operators are not likely to be very effective unless they are formed and led by

medical practitioners. What the feasibility study did not identify is where the doctors, midwives, radiologists, dentists, nurses, pharmacists and dozens of other healthcare specialism are to be sourced and funded? In Cuba the Government trains and provides these highly skilled practitioners. For more on this see the *Book Review* which focuses on *Akia Kurimoto’s* chapter on Medical Co-operatives in Japan.

Our final paper is an executive opinion on the application of new technologies in the field of communication. The blog of which *Sanjay Kumar Verma* writes may be seen as an expression of the extended self. Such IT based networks and communities surely deserve the critical research by co-operators concerned with co-operative identity as a personal value system.

The next issue of the Journal, Volume 5 Number 2, (April, 2011) is sponsored by the Finnish Consumer Movement with guest editor *Iiro Jussila* and Volume 6 Number 1 (September, 2011) by the Irish Credit Union League with *Olive McCarthy* as guest editor. I am therefore inviting contributors to submit abstracts and or drafts of papers for consideration for the April 2012 issue Volume 6 Number 2. The twin related themes are “Managing Co-operatives in the Global Economy” and “Strategic Choices for Co-operatives: energy, waste and want in the global village.” Case studies, and other refereed papers, executive opinions, research reports and books for review on these themes will be particularly welcome.

It remains for me to express my thanks to *George Alexopoulos*, *John Donaldson* and *Robby Tulus* for their continuing support for the journal.

Peter Davis
September 2010

Mission of the Journal

- To act as a medium for the dissemination of best management practise in the co-operative movement
- To act as a medium for the publication and dissemination of research into the management of co-operatives
- To act as a platform for informed debate within the co-operative sector on issues and problems arising from the management of co-operatives
- To act as a vehicle for promoting the professional development and status of managers in the co-operative sector across the management profession as a whole.
- To act as a medium for the discussion and dissemination of the latest thinking in all areas of management that may have a relevance to the practise of management in the co-operative sector.

Managerial Competence in Consumer Co-operatives: Inducing theory from empirical observations

Pasi Tuominen¹, Iiro Jussila & Noora Rantanen

Abstract

Research on managerial competence has produced several definitions of the concept. It has also pointed out that managerial work is not based on some common, universal set of competencies. However, little attention has been paid to differences in how managerial competence is perceived across organization forms. This is rather surprising given that different organizational contexts have been considered to require different elements of competence from managers. In this paper we analyze managerial competence in consumer co-operatives, giving particular attention to the requirements that distinctive features of co-operatives pose on top level managers. We start by describing the context of our research along with the data and methods used to elaborate theory. Drawn from an analysis of practitioner reports, our conclusions include a definition of managerial competence in consumer co-operatives and specification of its elements as well as a set of managerial implications and suggestions for future research.

Key Words

Co-operative Management, Managerial Competence

Introduction

Competency approach to management has received increasing scholarly attention within the past few decades (e.g., Vakola, Soderquist and Prastacos, 2007; Hayes, Rose-Quirie and Allinson, 2000; Antonacopoulou & FitzGerald, 1996; Holmes and Joyce, 1993; Mansfield, 1993; Stewart and Hamlin, 1992; Barrett and Depinet, 1991; McClelland, 1973). The approach “is based on identifying, defining and measuring individual differences in terms of specific work-related constructs, especially the abilities that are critical to successful job performance” (Vakola et al., 2007: 260). The importance of managerial competence research rests in the fact that competencies, according to Woodruffe (1991; 1990, in Hayes et al., 2000), provide the dimensions against which people’s readiness or potential to move into jobs should be assessed and that they can also be utilized in appraising and developing them.

As a concept, competence is complex. This is well illustrated by the fact that there is not one single commonly accepted definition for it. Instead, there is a wide range of definitions for competence (Shippmann et al., 2000). The same applies to the management settings in which requirements for successful performance vary across contexts. There are differences, for example, in the nature of that work by both function and level of responsibility (e.g., Hayes et al., 2000). Antonacopoulou and FitzGerald (1996) argue that even more pertinent is the organizational context in which these management skills are practised, as it defines what is perceived as competence and also influences individual’s judgments and actions.

Co-operative management research has, to some extent, taken organizational context into account. That is, Cook (1994), in his theoretical examination of agricultural co-operatives, outlined how organizational differences between investor and user-oriented firms influence management behavior. Also Peterson and Anderson (1996) note that managing a co-operative organization differs from managing an investor-oriented firm. Some even go as far as arguing that the co-operative way of doing business not only makes management different, but also more demanding. Mills (2008), for one, maintains that when compared to IOFs (whose shareholders mainly want maximum return on their capital invested) managers of co-operatives have to take into account a wider set of priorities additionally to ensuring the company’s financial success. Since the members’ primary role is not as investors or speculators, most of them are not directly interested in profitability, but on lower prices and better products (Spear, 2004, Borgen, 2004). Thus, “there may be a discord here between conventional measures of performance (profit or growth) which a manager might be trained to optimize, and those linked to member stakeholders” (Spear, 2004, p. 46). Therefore, considering that management is seen as different and performance measures are seen as different, also the requirements for managerial competence are likely to differ. However, to our knowledge, empirical research has not followed these claims and observations to identification and definition of managerial competence in co-operatives.

Key research questions and methodology

In this paper, the main questions we aim at answering are: 1) *How is managerial competence defined in consumer co-operatives?*, and 2) *What are key elements of managerial competence in consumer co-operatives?* The answers to these questions are used to contribute to research and practice of co-operative management.

We consider our study as novel and relevant in many ways. First, even though there are studies emphasising contextuality of managerial competence (e.g., Antonacopoulou & FitzGerald, 1996), to our knowledge previous research has not investigated managerial competence in consumer co-operatives. Studies on co-operative management have theoretically addressed management behaviour in co-operatives compared to those of investor-owned firms (I.O.F.) (Cook, 1994), the connection between co-operative identity and management (Davis, 1995), management culture and the role of managers as leaders of co-operative membership (Davis, 1996) as well as management development for co-operatives (Davis, 1997), but none of these studies has focused on competence in particular.

Our study is focused exclusively on managerial competence in consumer co-operatives. Second, even though it has been argued by Davis (2001; 1996) that in today's marketplace co-operatives cannot afford to appoint non-co-operative managers as "their very competitive survival depends on having a committed management who understands co-operative purpose and values and can use them both to gain and utilise the co-operative difference as a competitive advantage" (2001, p. 30-31) and "lay leadership [ie, the administrative board, brackets added] alone can only exceptionally provide the necessary skills to lead a modern co-operative society" (1996, p. 109), extant literature offers only little advice for co-operatives to recruitment and development of managers (ie, what competencies should they look for and attempt to develop).

Our paper points out competence dimensions against which people's readiness or potential to move into top management positions in consumer co-operatives can be assessed – dimensions that can also be utilized in appraising and developing co-operative management. Third, there is very little of empirical research on the topic in general and to our knowledge there is not one single published study that attempts to define managerial competence in consumer co-operatives. In this paper, we use the opportunity to do that. We use a case study approach (Eisenhardt and

Graebner, 2007) to induce the concept of managerial competence in consumer co-operatives and to elaborate theory around it. That is, the starting point for our study is empirical observations from a successful co-operative group (S Group in Finland) that has a long tradition of systematic management training and development.

Through sequential reading and thinking of the research materials and literature appropriate to its analysis, we moved towards the definition of (distinctive) managerial competence in consumer co-operatives. Finally, we believe that our work opens up new perspectives to managerial competence for both researchers and practitioners, not only those of co-operation. The paper is organized as follows. We start by introducing the reader to the context of our study and the methods of re-search. Next, we present the outcomes of our iterative and progressive analysis process (ie, that in which we broke the data into smaller pieces and reconstructed it in a comprehensible fashion, cf. Jorgensen, 1989), including a set of propositions concerning key elements of managerial competence in consumer co-operatives. Finally, we conclude with a discussion on the contribution of our work to research and practice of co-operative management.

Context, data and methods

Our qualitative analysis (e.g., Denzin & Lincoln, 1994) is based on eight in-depth interviews with S Group top management conducted in fall 2007². As implied above, we selected S Group as our research context knowing that this Finnish co-operative retail group had established a somewhat systematic management training and development program as early as several decades ago. We assumed that as a result of this history managerial competence might have been formally defined in S Group and, thus, serve the aims of this study. During the research process our assumption was proven false: the data suggests that there exist no standard criteria for managerial competence in S Group. However, it is argued in the same data that several requirements for managerial competence rest in the traditions of the group, its typical way of management, and task related demands. Thus, S Group is a viable context of study and the accounts of its top managers make a valid case.

What also speaks to the viability of our case is that S Group represents a typical example of job-based organizing in which jobs are the building blocks of organization. According to Lawler (1994), the implicit assumption in such organizations is that "the best way

to optimize organizational performance is to fill jobs with appropriately skilled individuals and motivate them to perform effectively through pay and other rewards” (p. 4). However, filling management positions with individuals with appropriate competencies requires that those competencies are identified. Thus, our research can also feed back to practice (S Group) by shedding light on the appropriate competencies.

In total nine different themes were discussed with each interviewee, the most important ones being 1) the definitions of managerial competence and 2) managerial competence highlighted in the management of S Group co-operatives. Much of the discussion on these themes also revolved around the differences in management of consumer co-operatives and that of IOFs. All of the interviews were recorded and carefully transcript. Later, the interview data was supplemented with some archival materials and documented observations made by us researchers prior to and during conduction of this particular study. The data was studied systematically to gain understanding of the research context and to form preliminary understanding of managerial competence in this case (ie, in the accounts of top managers of consumer co-operatives). Thematic analysis (e.g., Boyatzis, 1998) was employed, in which the qualitative research materials were divided into main themes and analyzed in detail. Case study approach (e.g., Eisenhardt & Graebner, 2007) was selected in order to represent rich, empirical descriptions of particular instances of this phenomenon. Hence, we see our case serving a distinct experiment that stands on its own as an analytic unit and serves extensions to the development of a theoretical framework for managerial competence in consumer co-operatives.

Managerial Competence In Consumer Co-operatives

When defining managerial competence, our interviewees produced meanings that could manifest in almost any type of organization. A typical definition in our data was that a competent manager is a person, who *“knows how matters can be implemented productively and with the best possible efficiency”*. This is consistent with definitions emphasizing performance dimensions of competence (e.g., Vakola et al., 2007; Athey and Orth 1999; Holmes and Joyce, 1993). Considering that our focus is on the key (distinctive) managerial competencies in consumer co-operation, such ‘universal’ competencies are outside the primary focus of this paper. However, to contradict the view of co-operatives as organizations that *do not* pursue efficiency

and productivity – a view researchers and practitioners of co-operation often come across in their endeavors – it serves to acknowledge that competencies influencing the organization towards productivity and efficiency are in fact viewed critical in co-operatives. The real difference as compared to IOFs, for example, is that definitions and measures for productivity and efficiency are not necessarily turnover-based.

Another typical definition of managerial competence in general in our data is a mix of elements that are a result of experience. The importance of experience is based on that persons characterized as ‘experienced’ have gathered perspective to matters (through study and work) and made enough mistakes (learned) in order to avoid them in conducting demanding managerial tasks. As one of our interviewees put it:

“Well in my opinion competence is that the person in question has acquired abilities with studying, working and learning from experience. Together these elements produce a mix, which can be called as competence.”

In other words, experience is descriptive of the process of acquiring the competence required in co-operative management. What is worth acknowledging is that the role of learning through practice (work and mistakes) is seen as more important for co-operative top managers than for those of other organization. This is simply because possibilities for studying co-operative management theory in, for example, business schools are mostly nonexistent. In other words, managerial competence in consumer co-operative is seen as primarily a result of personal experiences.

As pointed out earlier, academics have not come up with a formal definition of managerial competence in consumer co-operatives. The work of Boyatzis (1982), however, helps at breaking the concept of managerial competence into manageable pieces. He refers to managerial competence as a characteristic of a person that might be a motive, trait, skill, aspect of self-image or social role, or a body of knowledge (see also Hayes et al., 2000). In line with this work, our interviewees defined managerial competence as a combination of specific knowledge, particular attitudes, and a set of skills. In our data, no particular traits or motives were explicitly put forward as managerial competence or the competence requirements for managers of consumer co-operatives.

In the following we will take a closer look at each of the elements of competence emphasized in management of consumer co-operatives. We will start with knowledge (ie, information and understanding of a subject), since in technical terms it determines what

courses of managerial action are seen as available alternatives and in intellectual terms it determines what actions have the potential to be executed effectively. Attitudes (ie, evaluative judgments concerning objects, people or events) are discussed next, since they contribute to managers' preferences concerning actions they decide to engage in. We end our analysis with skills (ie, the capacity to successfully deliver pre-determined outcomes), since they contribute to the quality of managerial action (ineffective-effective) that actually takes place. What is noteworthy, some of the competencies discussed relate to the co-operative purpose, while others relate primarily to the structures commonly initiated to realize that purpose. Even if the latter are conditional and do not represent required managerial competencies in all co-operatives, we consider them common enough to be considered in this paper.

Knowledge

Our interviewees specified four different but somewhat intertwined facets of knowledge that they consider as key managerial competencies in consumer co-operatives. The first and most important one was the information and understanding of co-operative value-based management. The second, and something related to the first, was the information and understanding of customer interface management. Third element, and one relating to both the co-operative purpose and the structural features, was information and understanding of multi-business management. The fourth and final element, and one relating to both the co-operative purpose and structural features, was information and understanding of community development.

Information and understanding of co-operative value-based management.

Traditionally, co-operatives have been seen as organizations that "carry with them some clearly ethical (in the normative sense) statements in terms of their underlying values and operational principles" (Davis and Worthington, 1993, p. 849). According to our data, the same applies today. Thus, it is essential that co-operative management is well informed about the co-operative purpose and understands it. As stated in our data: "[manager has to possess] *knowledge of what a co-operative is as a community, what is the basic purpose of a co-operative, what are its ways of action, motivations and goals*". Of course, in order to be effective, a top manager of any organization must understand the purpose of the organization she is running. However, given that the mission of consumer

co-operation differs dramatically from that of companies traditionally in the heart of management literature and business school education (ie, IOFs), the managers' realization of that difference and understanding of the special features of co-operation are emphasized.

As Davis (1995) maintains, the purpose of a co-operative is not to make money for shareholders, but "to unite and involve its members in an economic and social community to provide countervailing market power and access to economic and social resources that as individuals the membership would not be able to accumulate for themselves" (p. 24). Profitability, for example, is in co-operatives "a means to an end rather than an end in itself" (Cornforth, 2004, p.15). If the top management believes that the co-operative is like any other business (in quest for maximum profit), the co-operative is unlikely to realize its mission. Thus, both information and understanding of the co-operative purpose are required.

However, information and understanding of the co-operative purpose is not enough. Managers of co-operative societies must also understand how the value-basis makes a difference in management (e.g., what restrictions co-operative values pose on the alternative courses of strategic action). Thus, there is call for information and understanding of co-operative value-based management. As our interviewees made clear:

"...what is connected to co-operation is value-based management. In a way a co-operative is a community of values, it is concurrently members' community and business organization and therefore this value base is included in the business... You cannot do everything that would be good commercially, if that particular operation is out of the limits set by the values."

"in my opinion this is something that is strongly connected to co-operatives, the meaning of values as a constraint to business strategies. I consider it as strength without question, but one needs to understand that you cannot go to area where you are not allowed to go"

In contrast to the common view of 'value-based management' (ie, management strategy and financial control system designed to reduce agency conflicts and to increase shareholder value; Ryan and Trahan, 2007), 'co-operative value-based management' "emphasizes the need for a strongly defined co-operative purpose or mission leading to the determination of a set of values which can form the basis for a unified organizational

culture that is shared by management and membership” (Davis, 1997, p. 94).

Noteworthy, it is pointed out in our data that a problem here is the lack of co-operative management literature and education. It is not for sure that a co-operative manager has sufficient information about the co-operative purpose, not to mention a thorough understanding of co-operative value-based management. In particular this is a case with managers recruited from outside the co-operative movement. In such cases co-operative management has little potential to secure members’ true identification with the co-operative. Members may simply be there for the cheap prize and for using the co-operative for self-enhancement. As pointed out in our data: *“nowadays many people become members, since they want to be associated with success.. so they can say they are part of that success..”* Overall, it was put forward in our data that top management’s understanding of the co-operative purpose along with its understanding of co-operative value-based management is an important precondition for full and successful realization of the co-operative mission:

A structural arrangement in S Group that seems consistent with the suggestions of Davis (1997; 2001) is that the CEO of a regional co-operative society is also the chairmen of the administrative board (cf. Tuominen, Jussila, & Kojonen, 2009). That is, Davis (1997) sees that “democratic boards will only rarely produce the flexibility, knowledge and skill to exercise the necessary leadership. This is top professional management’s role” (p. 58). Davis (2001) continues that “the movement must make its top professional managers fully responsible ... for the whole co-operative project” (p. 37). He also maintains that “a dynamic and entrepreneurial co-operative movement needs managers whose special responsibility and role in the achievement of the co-operative purpose is acknowledged and who have been empowered to lead” (p. 37). Also in S Group it is believed that senior management as part of a united board will be able to ensure co-operative growth and development. Considering the aims of this paper, it is noteworthy that this arrangement highlights the need for the CEO’s good information and understanding of co-operative value-based management. In this context, if the top management of a consumer co-operative lacks this information and understanding, the co-operative will most likely fail.

Thus, it is proposed:

Proposition 1: Information and understanding of co-operative value-based management is a key element of managerial competence in consumer co-operatives.

Information and understanding of customer interface management

What is prevalent in our data is the idea that in customer-owned co-operatives knowledge of customers is indispensable. As put forward by one of the interviewees: *“..well, when we are talking about consumer co-operation, customer knowledge is essential.”* Yet, it is also pointed out that customer knowledge per se does not make a difference: *“management of ‘long’ value-chains is the key to our strategy. The second main point is about connecting customer knowledge to the value chain as the controller”*. In other words, given that consumer co-operatives “are specialized in operating as links between the consumers and particular value-chains” (Jussila et al., 2008, p. 36) and are supposed serve their members better than those organizations whose (managers’) primary focus is on the stock market, co-operative management has to possess information and understanding about managing customer interface.

To magnify the difference between consumer co-operatives and other organizations, one could say that while other companies only need to know the customer needs and values to the extent they can be utilized to make profit (e.g., in particular segments of the market), consumer co-operatives need to be aware of their customers’ needs and values (their technological and social expectations and demands) thoroughly since serving those needs (in all market segments required) according to those values is the primary purpose of the whole operation. In other words, even though one can say that information and understanding of customer interface management is important for managers of all organization, it is especially important for managers of co-operatives.

Noteworthy, consistent with the work of Jussila et al. (2008), our data indicates that in the minds of customers the intimate relationship between the co-operative and its customers can help separate co-operatives from their rivals. In other words, information and understanding of customer interface management is not only essential to execute the mission but also valuable in terms of competitive strategy. If the management of a consumer co-operative does not possess adequate knowledge about customers interface management, the co-operative is likely to fail.

Thus, it is proposed:

Proposition 2: Information and understanding of customer interface management is a key element of managerial competence in consumer co-operatives.

Information and understanding of multi-business management

The conglomerate movement reached its height several decades ago and as a global management fad we have witnessed its demise. However, consumer co-operatives seem to be a special case. It is the customer-owners, not the shareholders, whose value is the basis of strategic management (Jussila et al., 2008). In this context, operating a multitude of businesses in different industries (e.g., in retailing, banking, hotels and restaurants, automotive) and in different parts of value-chains is seen as an appropriate way of delivering value (Jussila et al., 2008). In our data, this variety is illustrated as follows: “...our third main strategy is diversity.. Lidl, for example, is ‘narrow,’ while S Group has scope from grocery to funeral businesses – maternity hospitals we do not have yet”.

According to our data, the broad scope sets a number of requirements for co-operative managers. First, within their own co-operative, the top managers of consumer co-operatives have to be successful in planning and executing strategies for multiple lines of business together. Second, on the group-level, top managers must be able to participate in setting the strategic guidelines for the entire chains that pierce the borders of co-operatives (sometimes including those business not present in the portfolio of the co-operative one represents). Third, in S Group, top management’s priorities on the group-level may also include setting the strategic guidelines for different (vertical) parts of the value-chains (e.g., purchase companies) that are included in the group’s operations. As put forward in our data:

“the CEO’s strategy-related competence and ability to think strategically have been emphasized, since every CEO in addition to managing their own co-operatives that demand strategic development and guidance, they also participate to decision-making concerning the whole group. So in my view this strategy-related competence has been emphasized and we need more and more of it in order to conduct good decisions on the group level”

To address the difference between the top managers of consumer co-operatives and those of many other organizations, it is considered in this particular context that a CEO of a consumer co-operative (with turnover of around €200-300 million) has to possess much of the same knowledge of strategic management that is required from the CEO of a multibillion conglomerate (S Group’s turnover today is around €12 billion). In

this context, if the co-operative top manager lacks information and understanding of multi-business management, s/he cannot contribute to the overall strategic management of the group.

Thus, it is proposed:

Proposition 3: Information and understanding of multibusiness management are key elements of managerial competence in consumer co-operatives.

Information and understanding of community development

Davis and Worthington (1993) see that one important demonstration of organization’s values is its relation with the local community. As co-operatives’ mission is to serve particular members and communities and co-operatives cannot relocate their activities to more attractive environments (e.g., Jussila et al., 2008; Fulton and Hammond-Ketilson, 1992), participation in community development becomes crucial (cf. Jussila, Kotonen, & Tuominen, 2007). As put forward in our data:

“Typically they [co-operatives] are engines of the region and concurrently engines of the economic life, this is something that regionality brings along. So you are an advocate of interests of your own region additionally to the co-operative, this kind of societal role is inevitably included.”

Our interviewees emphasized that with their decisions CEOs of regional co-operatives may, for example, fight depopulation in their region and this will also increase co-operatives wherewithal to succeed in the long run (Tuominen, Jussila, & Saksa, 2006). Evidently, this rarely is a real concern for the manager of a non-co-operative organization that can select its markets (based on expected profitability). According to our data, this special feature of co-operation and the critical role of top management set specific competence requirements for co-operative top managers. In other words, it is required that top managers of consumer co-operatives have sufficient information concerning different practices available to improve various aspects of local communities and understanding of how that information could be used in their own community context. It was emphasized that this area of knowledge is complex and has various levels. Local community and region-level systems and practices are linked to a network of national (and more often also international) systems and practices and, thus, the information and understanding of community development has to go beyond the community-level. As made clear in our research materials:

“..information and understanding of province-level issues is not enough, one must also know the national-level framework.. that is those matters and influence channels that enable regional development. The most central being, for example, infrastructure related to traffic.. decentralization as well as structures of administration..”

Overall, it was argued that if the management lacks community development information and/or understanding, the co-operative is unlikely to be able to fully carry its role as an advocate of interests of the community.

Thus, it is proposed:

Proposition 4: *Information and understanding of community development are key elements of managerial competence in consumer co-operatives.*

Attitudes

As mentioned above, our interviewees also placed specific attitudes within the set, combination or mix that composes managerial competence in consumer co-operatives. To be more precise, they referred to identification with co-operative values as well as the readiness to speak out on matters important to the co-operative, membership and the community as crucial elements of managerial competence in consumer co-operatives.

Identification with co-operative values

According to our interviewees, managerial competence in consumer co-operatives contains managers' own 'co-operative sympathies.' This refers to not only information and understanding of the values and principles of co-operation, but the acceptance of them as one's own. This requirement could be thought of as a question of person – organization fit (in this case manager – co-operative fit). Kristof (1996) maintains that most researchers define person – organization fit “as the compatibility between individuals and organizations” (p. 3). While there are many perspectives to person-organization fit, according to Kristof (1996), studies on supplementary fit “have been concerned with measuring the similarity between fundamental characteristics of people and organizations” (p. 5), the most frequently utilized operationalization of this perspective being “the congruence between individual and organizational values.” (p. 5). That is, the congruence between the values of an individual and those of an organization are at the heart of the person-culture fit (O'Reilly, Chatman, and Caldwell, 1991). Based on our interviewees' accounts, top level managers

of S Group seem to have a reasonable fit with the organization culture, where co-operative values are visible and clearly affect hands-on management:

“In here it is quite powerfully present that we are committed to S Group because of some other thing than money... it is definitely not option programs why we are here. And I have personally felt that it is somehow very wholesome in that sense... that we try to make the best possible services to our customer-owners and the usage of surplus is as it is [to the good of the customer-owners and the community]...I think that this is really good place to work in that sense that I feel that the operation principles and the operation of the group are legitimate...in my opinion it is kind of good, ethical and value-based basis for our operation that we really try to make things good when viewed from customer-owners' perspective, our purpose is not to maximize profits.”

The viewpoint presented above is consistent with the work of Birchall and Simmons (2004), which states that shared goals and values are matters connecting and motivating people to participate in co-operation. Additionally, Davis (2001) maintains that in order to have “the right people in co-operative management we need a methodology based on personal specifications to complement the job specifications of co-operative managers that incorporates value and attitudinal elements that reflect positively in terms of the individual's likely psychological contract with the co-operative cause (p. 37-38). Thus, while it has been maintained that values form the culture or 'personality' of a co-operative (Natale and Sora, 2003), it is important that the manager sees co-operative values as his/her own in order to efficiently act according to them. In other words, “there needs to be synergy between the individual co-operative manager's identity and the co-operative identity” (Davis, 2001, p. 38). This is important because organizational outcomes, including strategies and effectiveness, are sometimes seen as “reflections of the values and cognitive bases of powerful actors in the organization” (Hambrick and Mason, 1984, p. 193). The fit is also important considering co-operative managers' powerful position as leaders of the membership (Davis, 2001). If top management is not identified with co-operative values and no fit between the manager and those values exists, the co-operative is likely to fail.

Thus, it is proposed:

Proposition 5: *Identification with co-operative values is a key element of managerial competence in consumer co-operatives.*

Readiness to speak out

Our careful analysis of the research materials revealed another important attitude seen as a key element of managerial competence in consumer co-operatives. It was argued that management of a consumer co-operative requires “*courage to speak out on matters even outside of your own organization*”. It was specified that top managers of co-operatives are expected to prefer perseverance, tenacity, and fearlessness. In this paper we refer to this positive attitude as the readiness to speak out. The attitude can be characterized as the readiness to set oneself vulnerable to the criticism of respected members of the community and society in general, and perhaps step in shoes that non-co-operative leaders would refuse to try on.

Our data suggests that there are at least two roles for the top managers of consumer co-operatives that create the demand for such attitude. The first role relates to action ‘within’ the co-operative. In other words, as the leader of the membership (cf. Davis, 2001), a CEO of a consumer co-operative may sometimes be required to remind the administration about the realities of the present, or as stated in our data: “*wake the administration up*”. The second role relates to action ‘outside’ the co-operative. In other words, as an advocate of the region’s interests and those of the co-operative within the broader inter-organizational network (e.g., the co-operative group, the network of other community actors), a CEO has to put oneself on the line. As put forward in our research materials: “*..to be selected in the top management positions, one must free from prejudice and have courage to take the bull by the horns*”. If the behaviour of a co-operative CEO manifests such attitude, s/he is seen as more likely to succeed in promoting the co-operative’s and regions interests. If, on the other hand, s/he lack readiness to speak out, the co-operative is likely to fail.

Thus, it is proposed:

Proposition 6: *Readiness to speak out is a key element of managerial competence in consumer co-operatives.*

Skills

In our data, a number of different managerial skills crucial to co-operative managers were identified. Among these were skills related to co-operative value-based management, customer interface management, community development, collective and participative decision-making skills, and visionary leadership. Noteworthy, each of these seems to be connected –

one way or the other – to the above discussed body of knowledge and attitudes, thus showing consistency through our findings. As defined above, in this paper skill refers to the capacity to successfully carry out pre-determined results. While the body of knowledge included within the managerial competence mix is crucial concerning the pre-determination of desired results as well as ways of action to achieve them, skill is crucial in order to actually carry out these results effectively.

Co-operative value-based management skills

According to our data, it is not sufficient that a top manager of a consumer co-operative identifies with co-operative values and has information and understanding of co-operative value-based management. S/he also has to have the capacity to help the organization realize those values. In other words, a co-operative manager must have the ability to 1) define and communicate the co-operative purpose in a way appropriate to the management context, 2) select (business) strategies appropriate considering co-operative values, and 3) influence the organization towards realization of that purpose and those strategies. A problem here is that, as mentioned elsewhere in this paper, there is not much of literature and education available for those aiming at taking positions in co-operative management. Just as with other skills needed in co-operative management, it is considered that the capacity to bring about outcomes consistent with co-operative values can be developed primarily, if not only, by practice:

“The person [CEO] must have strong, long experience of this type of organizations – or from this group. That guarantees the best possible success. Persons coming from outside have more difficulties in picking up the threads of co-operative management..”

The strong emphasis on a value tradition can be seen as a special feature to co-operative management. As noted above, such emphasis is not only a limitation. It can also be an important strength. In other words, it is seen that top management’s ability to analyze and understand values and ethics may be advantageous for example when differentiating co-operatives from their competitors. This idea is consistent with the work of Pestoff (1999), which maintains that “the active promotion of the social values provides co-operatives with a clear profile, helps to distinguish them from their competitors and gives them a competitive advantage” (p. 208). Noteworthy, this speaks against the common separation of business and social side of co-operative management and suggests that co-operative value-based management may help in management of a co-operative

as a whole (cf. Davis, 1997). However, it requires specific capacity. If top management lacks this capacity (ie, co-operative value-based management skills), the co-operative is unlikely to succeed in fully realizing its mission.

Thus, it is proposed:

Proposition 7: *Co-operative value-based management skills are a key element of managerial competence in consumer co-operatives.*

Customer interface management skills

Above it was noted that co-operative management must have good information and understanding of customer interface management. Consistently, it was argued in our research materials that top management should also have the capacity to influence the dynamic exchange of information that occurs between the customers and the co-operative in a way that contributes to realization of the co-operative purpose. It is also argued that there are features to co-operation that are favorable to development of such skills. As one of our interviewees stated:

"If ever someone should master the customer interface, it is us ... it is a possibility for us, because we can concentrate on it, we do not have dividend and coupon cutters breathing on our neck and therefore we can at our leisure concentrate on customer interface and do it well. That is our possibility, if we have the ability to do it right. But it is easier said than done."

In other words, and consistent with the work of Jussila et al. (2008), what helps co-operative managers is that in the absence of pressures of quartile economy (on the quest for customer-value), they have the possibility to concentrate on the long-term development of an efficient customer-focused organization. For example, in comparison to IOFs, the time other top managers spend discussing with investors and dealing with investor-relations can be used by co-operative top managers to concentrate on the customer interface. If, despite this possibility, the co-operative management lacks customer interface management skills, the co-operative is likely to fail.

Thus, it is proposed:

Proposition 8: *Customer interface management skills are a key element of managerial competence in consumer co-operatives.*

Community development skills

As the above discussion indicates, community development is seen as an integral part of co-operative

management. Thus, it is not sufficient that a co-operative manager possesses information of the different practices available for community development and understanding of how that information could be used in their own community context. The manager must also have the capacity to influence both the co-operative and the whole network of actors in the operation area towards execution of appropriate practices. As put forward in our data: *"the organization of community development, in order to promote the whole community as well as our own firm, require strong skills in this area"*. Such skills are important also from competitive strategy perspective, since responsible actions of co-operatives in their operation areas may serve to differentiate co-operatives from their competitors (cf. Jussila et al., 2008). Yet, they are not easy to acquire. While much of the knowledge required can be acquired, if active, via different medias and seminars, the skills required to really make a difference can only be learned through practice. As argued in our research materials:

"no education or literature will develop the required skill. One must throw oneself into 'real life' and invest oneself in [different development activities]... the more broadly you immerse yourself and the more you act, the easier it is to make decisions, to be an effective leader, and to exercise influence over issues in the group, region, and country."

Thus, a co-operative CEO or someone aiming at that position should engage oneself in a multitude of societal activities in order to develop one's capacity. If co-operative management lacks the skill of community development, in the long run the co-operative and the community it inhabits are likely to wither.

Thus, it is proposed:

Proposition 9: *Community development skills are a key element of managerial competence in consumer co-operatives.*

Collective and participative decision-making skills

In extant literature (e.g., Uski et al., 2007; Normark, 1996), co-operatives are depicted as network organizations. The same characterization is employed also in the research materials collected for this particular study. As the former CEO of SOK commented:

"Network-like co-operative group like S Group cannot be managed by giving orders. Management is based on shared view of the goals, values, and ways of action as well as strong commitment, which all emerge via discussion. The management model is challenging, but productive if successful"

The most important notion concerning the aims of this paper was that reaching decisions in such organization is very much a collective process. The same applies also in community development, where hierarchies are often less clear. This is consistent with the work of Hardy, Lawrence and Grant (2005), who maintain that “effective collaboration among organizations is a difficult task; not only must co-operation and innovation be achieved, but the interests of those organizations represented in the collaboration must also be met” (p. 59) and that the challenge is even greater as “co-operation among participants cannot be secured through market or hierarchical forms of control” (p. 59). Peculiarly, a co-operative manager may find him or herself in a situation in which s/he has to be able to ‘manage’ people who are actually above them in hierarchy. This may take place, for example, in CEO – administrative board relations or in that of SOK top management and co-operative CEOs. Hence, so called ‘persuasion management,’ which is referred to in the above quotation, is considered as an important part of managerial competence. It can be described as the capacity to make the followers/peers themselves realize the value of required action. In that regard, co-operative management requires elements of participatory leadership style, in which “the manager shares a consensual decision-making process with ... others to achieve their objectives” and “the resulting decision is a joint one” (Oshagbemi, 2008, p. 1906). To some extent, this is a special feature to co-operative management. As put forward in our data:

“., the ability to manage common matters becomes vital: agree on in-fights and to create a common path to which all can commit their selves to. In listed companies you do not have this kind of extra requirements, the money speaks and that is the end of discussion, but [in co-operatives] you have to get the people with you. So the ability – social skills – to negotiate on matters and ability to work out with compromising, compromising on difficult matters, if there exist various conflicts of interest, then compromising a kind of policy that can be followed.”

Overall, our data suggests that collective and participative decision-making skills are critical to co-operative management. If top management of a consumer co-operative lacks them, the co-operative is unlikely to succeed in executing its mission.

Thus, it is proposed:

Proposition 10: *Collective and participative decision-making skills are a key element of*

managerial competence in consumer co-operatives.

Visionary leadership

According to our research materials, visionary leadership plays a key role in the management of a consumer co-operative. According to our data, one could argue that the lack of visionary leadership was one of the most important problems leading S Group to financial crisis in the 1970s and 1960s. In 1980s visionary leadership gave possibilities to create structures and business concepts that have later on been the cornerstones of S Group’s success. As one of our interviewees stated:

“..making a vision is something that must be done first. We have needed vision for this group structure, we have needed vision to customer-ownership, we have needed vision to what our chains should be like ... and so on.”

From 1990s, visions were based on in-depth analyses of operation environment, competitors, customers and the organization itself. In other words, visions of S Group have been well-grounded views of the industry and not some vague illusions. As stated in our data:

“Well it depends a bit on the level of business management, but a central aspect that I and also many others in our organization have learned is.. how important it is that you can create a vision. It is absolutely essential, and if you cannot do it, a vision in which you evaluate your own possibilities, competitors and demand et cetera... a vision is not that you paint clouds on the sky, but it is accurate work”.

However, a manager’s ability to create a vision is not enough. As Davis (2001) points out, a co-operative leader should be “capable of seeing farther and in seeing be capable of communicating and motivating to turn the vision into reality” (p. 38). Successful communication of the vision to employees is particularly important, since “if the employees who are closest to customers and who operate processes that create value are unaware of the strategy, they surely cannot help the organization implement it effectively” (Kaplan and Norton, 2005, p. 72). The leader should through words and actions make the followers to ‘see’ the vision, to see a new way to think and act and then join the leader in realizing the vision (Westley and Mintzberg, 1989). According to our research materials, and consistent with the work of Hamel and Prahalad (1996), it is with successful communication of the vision that S Group management has been able to create a sense of strategic direction for the organization, a distinct identity, ambition, and

common objectives for the group. As one of our interviewees stated:

“Vision has exceptionally high importance to S Group. This kind of network of organization cannot operate reasonably and parallel, if it does not have clear objective and values. Operative guidelines, business ideas and concept are left lifeless, if vision is not clear in mind. Vision is an important management tool for S Group, keeping it on the right track”

As concrete evidence of managers' capacity to realize visions in S Group, it is maintained in our data that visions have had significant importance in identifying the possibilities to serve members made possible by new technology and in developing strategic competitive advantages (cf. Hamel and Prahalad, 1996). Consistent with the work of Davis (2001), visionary leadership has meant “new markets, new enterprises, new products or services or new operating standards or methodologies” (p. 38).

Finally, as a result of the co-operatives' community development role and the managers' role as leaders of the membership, the demand for visionary leadership skills extends 'outside' the co-operative and the co-operative group. As put forward in our data:

“...not so much as an advocate of the co-operative's interests, but as someone who is a good steward of the whole region.. this often became an important role of mine.. after all, there were not many others in the region equipped with this vision spiced with a nation-level framework...the vision of a co-operative CEO is appreciated by community servants..”

Crossing different elements of competence, it was argued in our data that a co-operative CEO has to get informed about community development, understand the practices of it, create a realistic vision for it appropriate to one's community context, be ready to communicate it to relevant parties and have the capacity to help other actors realize it.

Thus, it is proposed:

Proposition 11: *Visionary leadership skills are a key element of managerial competence in consumer co-operatives.*

Summary

As introduced, we entered the research process with the questions of how managerial competence is defined in consumer co-operatives and what its key elements are. The above analysis provides us with the following

answers. Managerial competence in consumer co-operatives is perceived as a mix of knowledge, attitudes, and skills. The somewhat intertwined elements of that mix are listed in Table 1 overleaf.

It is seen that managerial competence in consumer co-operatives is to great extent acquired through practice. Learning through theories (ie, experiences of others) is difficult, since co-operative management is rarely included in the learning outcomes of educational institutions. Further, it is seen that each of the elements and the mix as a whole contributes to the manager's success in influencing the consumer co-operative towards the execution of its mission (ie, the maximization of customer-value as well as that of the community). Around each proposal on the key elements, it was noted that if the manager of a consumer co-operative lacks that element, she is unlikely to succeed in his/her job.

Conclusions

When introducing the novelty of our research, we pointed out that previous research has not investigated how managerial competence is perceived (or defined) in co-operatives. Thus, our research extends knowledge in this area. Based on our study, the following theoretical conclusion can be made: *managerial competence in consumer co-operatives is a mix of specific knowledge, attitudes and skills that is primarily a result of learning from personal experiences and contributes to successful execution of the co-operative mission.* This conclusion is described in Table 1 overleaf.

To further specify the contribution of our study, we note that the answers to our research question concerning the key elements of managerial competence in consumer co-operatives (see Table 1 overleaf) provide supporting evidence for the thoughts of Davis and Worthington (1993), Pestoff (1999), and Davis (2001) in that knowledge of the co-operative values and purpose, identification with those values, and skills to utilize those values as a basis of management are important for successful management of a consumer co-operative. Consistent with the work of Tuominen et al. (2006) and Jussila et al. (2007), managers' knowledge of community development and skills in that area are emphasized. Providing additional insight, also the skills of visionary leadership and the readiness to speak out were emphasized. Further, in line with the theoretical work of Jussila et al. (2008), our research speaks to the importance of information, understanding and skills in customer-interface management and multibusiness management. Finally, our research also maintains the perhaps not so uncommon understanding that

Table 1. Elements of managerial competence in consumer co-operatives.

Type of competence	Specific elements
Knowledge	Information and understanding of co-operative value based management. Information and understanding of customer interface management. Information and understanding of multi-business management. Information and understanding of community development.
Attitude	Identification with co-operative values. Readiness to speak out.
Skill	Co-operative value-based management skills. Customer interface management skills. Community development skills. Collective and participative decision-making skills. Visionary leadership skills.

Figure 1. Managerial competence, origins and outcomes.



collective and participative decision-making skills are crucial to managers of consumer co-operatives.

Managerial implications

Our research suggests that managers of consumer co-operation will benefit of accumulating their knowledge and understanding of co-operative value-based management, customer interface management, multi-business management, and community development. Since business schools typically are not a good source of managerial competence required in consumer co-operatives, for younger managers it should be beneficial to discuss with senior managers and ask for mentoring. Co-operatives should also be active in arranging exchange between top managers stepping aside and those stepping in. Co-operative research seminars would also be worth attending. Some of the information and understanding of, for example, multi-business management and community development can be acquired through the literature and seminars (ie, the experiences of others). However, as far as related skills are concerned, there probably exists no viable short-cut. The capacity required is develop through work and practice. Thus, our work advices a co-operative manager to throw one-self into positions of trust within the region and the co-operative group.

As it comes to recruitment, assessment and development of managers in consumer co-operatives, it

is the dimensions of managerial competence listed above against which people’s readiness or potential to move into a top management positions can be assessed, against which a manager’s performance in such position can be evaluated, and against which co-operative management can be developed. This should help S Group (and others who at the moment lack standard criteria to be used in assessing appropriate competence) in designing pay and rewards in a way that harnesses and promotes the competence required to add value to the members, the co-operative, and the community as a whole.

While much of the knowledge and skill required can be developed in a variety of ways, it may not be the same with attitudes. Therefore, the attitudes of candidates for managerial positions should be carefully investigated to see whether the candidate is in fact identified with the co-operative values and whether she is ready to speak out no matter what the context is. A conclusion that can also be made is that it may be safe to recruit co-operative top managers from within the movement in order to secure that they have adequate co-operative competence. However, also a word of caution must be given. That is, too many people of ‘the right type’ (ie, clones) in any organization may hinder the renewal of the organization.

Future research

Our research suggests that typical business school education is not a significant factor in developing some of the critical elements of managerial competence in consumer co-operatives. To investigate this issue further, it should be interesting to conduct a study on the antecedents of managerial competence. This particular study leads us to expect that, in stepwise regression, variable 'education' would show no significance after 'tenure in co-operatives' (which can be considered to count for personal experience). As a related issue, it seems that a major task for co-operative researchers is to develop the discipline in a way that will eventually make management education an important source of managerial competence in consumer co-operatives. A good starting point for this work is a more detailed examination and definition of each of the elements of managerial competence listed above. To promote research and application of that research in practice, also measures for each of the dimensions should be developed. This is necessary in order to test the proposals of the study.

It should be acknowledged that this paper is the first attempt to uncover the elements of managerial competence in consumer co-operatives. Thus, it is likely that future research will identify additional elements that our data was not explicit or specific about. For example, it seems that acting as an engine of community development requires that managers adopt a particular social role or self-image, which according to Boyatzis (1982) are elements of managerial competence. Thus, a question that future research should address is: How can this social role be defined and does acceptance of that role require a particular image of the self?

Finally, it should be interesting and valuable to investigate managerial competence also in producer co-operatives, to make comparisons across different types of co-operatives, and co-operatives with different structures. Overall, we hope that a lot of research on the topic will follow.

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Exploring the Consumer Co-operative Relationship with their Members. An individual psychological perspective on ownership

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Abstract

It is argued in co-operative literature that a distinctive feature of consumer co-operatives is the strong linkage between customers and their co-operative organization. Another distinctive feature identified is the nature of ownership. Bridging these two is the claim that it is the nature of ownership that creates the special bond between customers and their co-operatives. In this theoretical paper we elaborate this idea further, employing a psychological ownership perspective. Limiting our work on the individual-level, we analyze co-operative literature through the definition of psychological ownership, development mechanisms, and underlying motives showing that the feelings of ownership can be an essential part of being a member. Our concluding remarks are for the attention of both researchers and practitioners.

Key Words:

Consumer Co-operatives, User-ownership, Psychological ownership

Introduction

Many co-operative scholars (e.g., Normark, 1996; Giroux, 1992) have argued that the association of the roles of customer and owner promote the development of an intimate relationship between the customer and the co-operative: a special 'co-operative link.' That is, "The co-operative form of organization has the potential to develop unusually strong linkages between the user and the focal enterprise" (Normark, 1996: 433). This link has the potential to develop under conditions of ownership that is not speculative nature, but associational instead (i.e., one that produces benefits through use and includes an equal voice in governance; cf. Hansmann, 1996; Bager, 1994). As Giroux (1992) maintains: "It is indeed the special member-user status of owners that constitutes the co-operative's specific nature" (p. 7). Evidently, the special relationship between the customer and the co-operative is seen a source of psychological rewards for the member and, thus as a source of competitive advantage (e.g., Jussila, Tuominen, & Saksa, 2008).

Less evident are the meanings of 'strong linkage' and the mechanisms through which member association with the co-operative contributes to it. Giroux (1992), though, notes that "participation appears essential because it sustains the relations of meaning, use, and property that form the co-operative link" (p. 24). We also know that the special bond between the members and their co-operatives result from the fact that members are able to influence the co-operative both in their role as a user and as an owner (Hirschman 1979). In addition, the work of Normark (1996) speaks to the importance of knowledge in creating the link. Finally, Giroux (1992) also argues that: "In the co-operative, members pool their aspirations, their needs, and their resources to produce relations based on meaning, use, and property which link the associated members and the enterprise they have created." (p. 7). In other words, the variety of ways members invest themselves into the co-operative is seen to contribute to the emergence of the 'co-operative link.'

Lacking a coherent framework

So far, it seems that there is no co-operative literature that brings the above notions under a coherent framework. A line of research has emerged that offers us the possibility to do that. To be more precise, as an outgrowth of scholarship (e.g., Klein, 1987; Long, 1979, 1980; Rousseau & Shperling, 2003; Tannenbaum, 1983) that addresses the role of formal ownership arrangements (e.g., ESOPs) in the attempts to create more intimate ties between employees and their employers, literature (e.g., Brown, 1989; Dirks, Cummings & Pierce, 1996; Pierce et al., 1991; Pierce et al., 2001; Pierce & Furo, 1990; Pierce, Kostova, & Dirks, 2003; Pierce, O'Driscoll, & Coghlan, 2004; Pierce & Rodgers, 2004; VandeWalle et al., 1995; Van Dyne & Pierce, 2004; Wagner, Parker, & Christiansen, 2003) has emerged that addresses the role of psychological ownership in creating a stronger link between organizational members and their organizations.

Psychological ownership is that cognitive/affective state in which the individual feels as though the target of the ownership, or a piece of it, is "hers" or "his" and in which the individual feels as though s/he is psychologically tied to that object, the extended self

(Pierce et al., 2001). In this literature, property is recognized to exist on both objective and subjective levels (Etzioni, 1991), and the targets of ownership are seen to be of both tangible and intangible nature (e.g., Beaglehole, 1932; Isaacs, 1933). Most influential developers of psychological ownership theory have been Pierce and his colleagues (e.g., Pierce, Rubinfeld, & Morgan, 1991; Pierce, Kostova, & Dirks, 2001, 2003; Van Dyne & Pierce, 2004). They maintain that – as a state of mind – psychological ownership (e.g., the possessive feeling that some organizational object is ‘MINE’) may develop even in the absence of legal ownership. Considering the audience of this journal, perhaps their most important notion is that the psychological experience of possession is likely to be promoted by formal ownership if it is participatory in nature (e.g., if it encourages personal investments and provides the members with control and knowledge).

While psychological ownership has not been studied in co-operatives with a particular focus on user-ownership, there are several studies that do refer to co-operatives as organizations in which psychological ownership is likely to manifest itself. That is, Pierce et al. (1991) and Pierce and Rodgers (2004), in their discussion of employee ownership arrangements, refer to (worker) co-operatives as a potential target of ownership feelings (e.g., “This is MY co-operative!”). In addition, at least one empirical study also uses data from co-operatives. In their study on ownership feelings and commitment, Vandewalle et al. (2005) gathered a sample from residents of a co-operative housing arrangement at the University of Minnesota-Minneapolis.

Finally, Jussila, Saksa, and Tienari (2007) as well as Tuominen, Jussila, and Saksa (2006) use psychological ownership as part of their frameworks employed to analyze management and governance of customer-owned co-operation. In other words, there already exists some literature published in English that contributes to co-operative researchers’ understanding of the psychological aspects of co-operative ownership. However, extant co-operative literature does not use the theory of psychological ownership to conduct a detailed analysis of the routes through which this psychological state develops or the origins of that state. It is towards that end this paper is directed.

Linking psychology of ownership to co-operative membership

The innovative approach in our paper is in the following. First, we take the opportunity to define the special co-operative link between the members and

their co-operatives as the operationalizable cognitive/affective state of psychological ownership (cf. Van Dyne & Pierce, 2004). This provides us with possibilities for future empirical research investigating that relationship. Second, we explore some of the mechanisms through which psychological ownership emerges. This serves the management of member-co-operative-relationships: the reinforcement of the co-operative link. Third, we introduce the motivational underpinnings of the ‘co-operative link’ from the psychology of possessions perspective. This contributes to our understanding of the reasons for member participation that go beyond commonly highlighted economic motivations. A detailed discussion of the whole variety of consequences (attitudinal, behavioral and motivational) that are seen as an out-growth of psychological ownership (see Pierce, Jussila, & Cummings, 2009), is not feasible in this paper and, thus, is left for future considerations.

In this paper we limit our brief analysis to the satisfaction members get via the fulfillment of their motives for possession in the co-operative organization. This brings us to our forth contribution, which is the identification of previously unspecified satisfactions a consumer co-operative can bring to a member’s life. Finally, we note that many of these factors may be applicable to other co-operative contexts. However, we limit our discussion to consumer co-operatives for a clear purpose. We believe it crucial to the development of co-operative research that different types of co-operatives are discussed separately, unless comparisons across them are an explicit aim of research. In this paper, that is not the case.

Our paper is structured as follows. First we briefly introduce the reader to the background of psychological ownership research and to the origins of those definitions that are the basis of our work. Second, we discuss the motives for psychological ownership, specifying also related satisfactions. Third, we explore the routes through which this psychological state emerges. Finally, after summarizing our discussion, we put forward a number of conclusions that we believe to be of value to future research on co-operatives.

Psychological ownership In organizations

The theory of psychological ownership (Pierce et al., 2001, 2003) has its roots in a wide variety of fields. Various aspects of ownership have been topics of academic discussion in the realms of psychology,

philosophy, human development, social psychology, and consumer behavior, for example. Long ago, James (1890), addressed psychological perspectives on ownership in his work on the principles of psychology, and Sartre (1969) wrote of ownership as an integral part of human existence. Isaacs (1933) and Furby (1978a, b, 1980) illustrated the role of possessions in human social development.

Furby (1978b), in her empirical work on meaning and motivation of human possessions, states that possession is ubiquitous in our everyday lives. Beaglehole (1932), studying the psychological basis of the institution of property, found a wide variety of objects in human life that the human could call her/his property. Legally we may be owners of certain physical objects, but it is also common for people to psychologically experience the connection between themselves and various targets of possession, such as homes, automobiles and other people (Dittmar, 1992). We may also develop feelings of ownership toward non-physical entities, such as ideas, artistic creations and privileges (Beaglehole, 1932; Isaacs, 1933; Heider, 1958).

Some scholars have emphasized the fact that we tend to perceive certain objects as closely related to ourselves (Prelinger, 1959). For example, James comments on the fine line between “me” and “mine”: “A man’s self is the sum total of all that he can call his” (1890: 291). Sartre observed that “the totality of my possessions reflects the totality of my being...I am what I have...What is mine is myself” (Sartre, 1969: 591-592). Some others (e.g., Belk, 1988; Dittmar, 1992; Furby, 1978b) have argued that individuals regard possessions as part of the self (identity): “what is mine becomes (in my feelings) part of ME” (Isaacs, 1933: 225). Thus, it is argued that often possessions come to play such a dominant role in the owner’s identity that they become part of the ‘extended self’ (e.g., Belk, 1988; Cram & Paton, 1993; Dittmar, 1992). This is based on the above philosophically and empirically anchored literature that Pierce et al. (2001) developed in their definition of psychological ownership. They maintain that the core of psychological ownership is constructed of two intertwined feelings: 1) the feeling of possessiveness (i.e., “It is mine!”), and 2) the feeling of being psychologically tied to an object, the extended self (i.e., “It is part of me”) – feelings that are part of the human condition. This definition is also the foundation of our work.

Extant literature with references to or data from a co-operative context (e.g., Jussila et al., 2007; Tuominen et al., 2006; Pierce & Rodgers, 2004;

VandeWalle et al., 1995; Pierce et al., 1991) has already addressed the fact that psychological ownership manifests itself also (if not even in particular) in co-operatives. As declared in the data of Tuominen et al. (2006: 15): “essential is ... that the members of the regional co-operative retailer feel that it is their own firm”. Thus, we will simply point out that a sense of ownership manifested by statements such as “I feel this co-operative is MINE”, “I feel a high degree of personal ownership for this co-operative”, and “I sense this co-operative is part of me” are likely to be put forward by members of consumer co-operatives. In our view, these statements are indicative of the special co-operative link between the members and their co-operative organizations referred to by Normark (1996) and Giroux (1992) among others. Considering future research, it is noteworthy that Van Dyne and Pierce (2004) have offered a valid individual-level operationalization of psychological ownership along with measurement variables.

Why should the above statements be considered as indicative of the co-operative link? This is because that link is seen as a result of member co-operative interaction that involves the control of members over the co-operative, their intimate knowledge and understanding of the co-operative, and their investments into the co-operative project (e.g., Normark, 1996; Giroux, 1992; Hirschman, 1979). According to Pierce and his colleagues (2001), these are precisely the mechanisms through which the psychological state of ownership develops.

Routes to psychological ownership

According to Pierce et al. (2001), psychological ownership emerges through three major, potentially interrelated routes: 1) control over the target, 2) intimate knowledge of the target, and 3) investment of the self into the target. As introduced, formal ownership of an organization has the potential of promoting the emergence of ownership feelings (Pierce & Rodgers, 2004; Pierce et al., 1991). This will be the case if formal ownership helps the individual travel down one or more of the above mentioned routes to psychological ownership. As the above discussion entails and the following discussion shows, the nature of co-operative consumer-ownership meets these conditions.

Control

The right to use an object and/or to exercise control over it have been among the most frequently-mentioned characteristics of possession and ownership (Furby, 1978a; Rudmin & Berry, 1987).

According to literature on co-operatives (e.g., Hansmann, 1996), these rights are also in the core of co-operative ownership. Moreover, it is argued that members are able to influence the co-operative both in their role as a user and as an owner (Hirschman 1979). As maintained by Tuominen et al. (2009), members may exercise control over their co-operative directly and/or indirectly, through market and/or voice mechanisms (cf. Chaves et al., 2008; Spear, 2004).

Most interesting considering the aims of this paper is that control exercised over an object eventually gives rise to feelings of ownership, as shown in research on the psychology of possession (e.g., Csikszentmihalyi & Rochberg-Halton, 1981; White, 1959). Further, it is argued that the greater the amount of control, the more the object is experienced as part of the self (Furby, 1978a; Prelinger, 1959). Thus, it can be argued that co-operative members may also to develop feelings of ownership towards the co-operative (i.e., come to the subjective experience of the co-operative as 'theirs' and as part of the extended self).

Pierce et al. (2001) note that in general, organizations "provide members with numerous opportunities to exercise varying degrees of control over a number of factors, each of which is a potential target of psychological ownership" (p. 301). However, whether or not this actually takes place (and to what extent) is a matter of personal choice (to what extent a member uses one's opportunities to exercise control). In consumer co-operatives, one may choose to simply use the services without the use of voice, while others sit in customer committees and boards. As Giroux (1992) put it: "In co-operatives, the associated members collectively delegate their power as owners to elected representatives, while, most often, exercising their rights as users on an individual basis" (p. 6). Thus, some members may take the route of control towards feelings of ownership towards the co-operative, while others will not.

Knowledge

In early phases of human development, when the individual does not yet understand property rights, and has no sophisticated comprehension of ownership, his or her understanding is based on association between the owner and the object (Fasig, 2000). Association with an object is essential also to adulthood ownership, which is thus frequently framed in terms of association (Beggan & Brown, 1994). As the above discussion suggests, ownership in consumer co-operatives is very much about association with the organization, either through usage or through participation in governance.

According to the psychology of possession literature, association has a particular role in the development of psychological ownership. In order that a person may recognize some objects as part of himself, s/he must recognize them as his/her own (Kline & France, 1899). It is through association that this recognition can occur, also in the co-operative context. As Giroux (1992) put it: "Participation ... allows members to fully realize their status as owners and users" (p. 6). Further, it is through association and transaction that we acquire information about an object, come to know it intimately, and realize its meaning. It is through familiarity and knowledge (understanding) that we become attached to the object and a fusion of the self with the object takes place (Beaglehole, 1932; Beggan & Brown, 1994; Csikszentmihalyi & Rochberg-Halton, 1981; Rudmin & Berry, 1987). Thus, "The more information and the better the knowledge an individual has about an object, the deeper the relationship between the self and the object and, hence, the stronger the feeling of ownership toward it" (Pierce et al., 2001: 301-302). The work of Normark (1996) on the role of knowledge in deepening the link between the member and the co-operative seems to suggest that the preceding proposition applies to the relationships between the members and their co-operatives as well.

Organizations provide their members with a number of opportunities for getting to know potential targets of ownership. This occurs in various processes of association, also in co-operatives. Since consumer co-operation is about use of services, often on a daily basis, the members of co-operatives develop familiarity, for example, with many business places. However, the connection between a member and the co-operative may go beyond that. First, Giroux (1992) notes that a member is provided with lots of essential information about the co-operative simply to help her/him develop an opinion of matters under collective decision-making. Second, as Normark (1996) states: "Users have the possibility of informing themselves about the activities of the co-operative" (p. 433). This is not only a question of member's use of the co-operative and her/his personal activity. Noteworthy, differences between members in reception of information and their own activity in acquiring it are likely to be significant. An active member may develop one's understanding of the co-operative through active use of services, reading of member magazines, discussions with the personnel or even management, interaction with the representatives, and of course by acting as an owners' representative her/himself (cf. Tuominen et al., 2009;

Giroux, 1992). A passive member with 'blinkers' on is likely to disregard almost any information concerning the co-operative and not search more independently. Thus, some members may travel the route of 'coming to know' towards the fusion of the self and the co-operative, while others do not and remain psychologically distant.

Self-investment

The relationship between personal investment and ownership was a popular discussion topic during the industrialization period. Locke (1690), for example, in giving his views on property and government stated that work and labor were ways for people to become (individual) owners of (common) property. This can be applied to co-operatives as well, where the co-operative is in fact, as Jussila et al. (2008) maintain, to great extent a collective possession. As Giroux (1992) put it: "Participation ... allows members to contribute to the co-operative ("to do their share")" (p. 6). The target of contribution is not the share ('possession') of just any member, but that of a particular individual.

Locke's (1690) notion was based on the following argumentation: we own our labor (that to which we direct our bodies), we associate our labor with the resulting products or creatures, and therefore we own that which we create, shape, or produce. Most important considering our efforts is the psychological explanation offered by Csikszentmihalyi and Rochberg-Halton (1981). They suggest that the investment of an individual's energy, time, effort, and attention in objects causes her or him to become one with the object and to develop feelings of ownership toward it. Investment of the self comes in many forms: of one's time, ideas, skills, and physical, psychological and intellectual energies. As a result of personal investment, the individual may begin to feel that the target of ownership flows from the self. Thus, as Pierce et al. (2001) argue, the more individuals invest themselves in a target, the stronger their psychological ownership of that target will be. The work of Giroux (1992) seems to be consistent with these ideas. In other words, her work suggests that the variety of ways members invest themselves (personal resources) into the co-operative (creation) contributes to the emergence of the 'co-operative link.'

Organizations provide a wealth of opportunities for their members to invest themselves in a variety of facets. This applies to co-operatives as well. To benefit from the co-operative, it is not sufficient that a member pays the co-operative (financial) contribution. One has to invest also one's time, energy and physical resources to the use of services. The amount of

investment is seen to differ from that of the investments made by regular customers to non-co-operative firms. For example, as a result of the combined roles of customer and owners, the member will be "more willing to provide higher quality, more frequent, and greater amounts of information than would a customer...of an IOF" (Cook, 1994: 53). Overall, the member has an interest to invest oneself in the co-operative in order to get more benefits (Jussila et al., 2008). Just as proposed concerning control and knowledge, it is likely that there are great differences between members in the amount of their investment (of their selves) to their co-operatives. It can be assumed that the most passive members simply invest the minimum time and energy required to manage their purchases. According to Giroux (1992), the most active ones make considerable investments into the co-operatives, for example, in terms of time and communication. Thus, there are members who invest a great deal of themselves to their co-operatives and, thus, travel far and deep to the feelings of ownership, while others do not.

Having discussed the routes to psychological ownership (i.e., direct causes for its occurrence), an important question asks: Why do some members take these routes? (i.e., what are the primary reasons for ownership feelings?). Let us answer this question in the following section.

Motives for psychological ownership

Pierce and colleagues (2001) note that some scholars explain the emergence of psychological ownership as the innate human need to possess (e.g., Burk, 1900; Porteus, 1976; Weil, 1952), while others suggest that ownership and its psychological state is the product of socialization practices carried out in society (e.g., Furby, 1978b; Kline & France, 1899). According to Dittmar (1992), both genetic factors and experiences are important: "psychological ownership emerges because it satisfies certain human motives, some of them genetic and others social in nature" (Pierce et al., 2001: 300).

Pierce et al. (2001, 2003) suggest that the roots of psychological ownership are to be found in four basic human motives: 1) efficacy and effectance, 2) self-identity, 3) "having a place," and 4) stimulation. As the following discussion shows, existing co-operative literature seems to carry the idea that these motives can be satisfied in co-operatives.

Efficacy and effectance

Effectance motivation aims for the feeling of efficacy (White, 1959). Several authors, including Furby

(1978a), Isaacs (1933) and Porteus (1976), have recognized that the motive underlying possession is, by and large, the individual's ability to produce effects in the environment – to experience causal efficacy and control. In her cross-cultural studies, Furby (1978b) found empirical evidence supporting these notions, since the desire for control was cited frequently as a motivation for ownership. Possessions provide control for their holder, and ownership allows individuals to explore and alter their environment: thus possessions and ownership serve effectance and competence motives. Beggan (1991) continued on the theme by empirically demonstrating the link between motivation for control and possessive behavior.

Co-operative literature (e.g., Münkner, 1981; Normark, 1996; Nilsson, 1996; Casadesus-Masanell & Khanna, 2003) leads us to believe that members' need to manage their lives (both economic and social aspects of it) is and has been a central impetus also for facilitating (and possession of) co-operative organizations. For example Münkner (1981) states that an individual (i.e., member) engages in voluntary association with others to meet her/his needs – through self-help action, a member overcomes one's own weaknesses. By collaborating and networking in the form of co-operative, individual's ability to produce effects in the environment increases (Normark, 1996).

Thus, the co-operative is one of those objects in the members' lives that can promote their feelings of efficacy and effectance. As Pierce et al. (2001) note, the desire to experience causal efficacy in altering the environment leads to attempts to take possession (to exercise control) and, thus, to the emergence of ownership feelings (Pierce et al., 2001). As previously discussed, control can be exercised in many forms, in different roles, and towards a variety of targets. Whether or not the individual will exercise control over the co-operative depends on the extent to which the member's need for efficacy and effectance is active.

Self-identity

Objects constitute a system of socially shared symbols, particularly symbols of identity, which means that possessions – material or immaterial – also serve certain symbolic functions that are interpreted through one's culture (Dittmar, 1992). According to Porteus (1976), possessions such as the ones we use to personalize our homes help us to determine ourselves (to answer the question: "Who am I?") – "The things that surround us are inseparable from who we are" (Csikszentmihalyi & Rochberg-Halton, 1981: 16).

Possessions also play an important role in maintaining the sense of self over time (Cram & Paton, 1993). As Pierce et al. (2001) summarize, people use ownership for the purpose of defining themselves, expressing their self-identity to others, and ensuring the continuity of the self over time.

In literature on co-operatives (e.g., Münkner, 1981; MacPherson, 1995; Nilsson, 1996), it is maintained that membership in a co-operative helps an individual reproduce and express one's self-identity (e.g., an image that "I am a co-operator"). That is, members build up their roles through the association with co-operatives and through the contributions they make to the co-operative as customers (Münkner, 1981). The co-operative resulting from collective action of members, manifest the values and goals of those members. Note-worthy, the principle of political and religious neutrality promotes the idea that members participate as individuals, not as representatives of some political or religious interest group (cf. Münkner, 1981; MacPherson, 1995).

Thus, the co-operative is an object that has the potential of satisfying the members' needs for self-identity. As Dittmar (1992) and Porteus (1976) argue, through our interaction with possessions, coupled with a reflection upon their meaning, we may also reproduce and transform our self-identity and express our individuality (Dittmar, 1992; Porteus, 1976). As earlier discussion suggests, the interaction and association (coming to know) can occur in many forms, in different roles, and with many objects of material or immaterial nature. Whether or not the individual will exercise control over the co-operative depends on the extent to which the member's need for self-identity is active.

Having a place

Ownership and the associated psychological state can also be explained (in part) in terms of the individual's motive to possess a certain territory or space (Ardrey 1966; Duncan, 1981; Porteus, 1976; Weil, 1952). Ardrey (1966) suggests that our attachment to property, such as territory, is of an ancient biological order: having a place is an important "need of the human soul" (Weil 1952: 41). Heidegger (quoted in Dreyfus, 1991: 44-45) argues that we need objects in order to be as we are: "When we inhabit something, it is no longer an object to us, but becomes a part of us and pervades our relation to other objects in the world". According to Duncan (1981), who writes of various aspects of home ownership, satisfying the motive of having a place is closely related to satisfying the motives of self-identity and effectance: "The ideal

home environment is a place for self-expression and a feeling of control” (p. 113).

The work of Tuominen et al. (2006), on regionality and locality in management of customer-owned co-operatives, provides us with initial understanding on the role of consumer co-operatives as the satisfiers of territorial motives. It describes co-operatives, such as co-operative retailers and co-operative banks, as organizations with two important features: 1) clear geographic boundaries and 2) permanent embeddedness within the region or locale they operate. While not clearly stated in the work of Tuominen and colleagues (2006), it seems that these features are seen to help consumer co-operatives – the member’s own organizations – make their members feel at home. In other words, consumer co-operative can offer a member with placement and understanding of him/herself in the time and space.

Thus, it is within the co-operative that members find place and home – be successful infusing oneself in time and space, and developing a sense that one is “within” and a “part of” some particular place. As Pierce et al. (2009) suggest, this state reflects the discovery of personal meaning and comfort in time and space. It is in this context that psychological ownership develops through interaction with one’s surrounding (i.e., through the mechanisms listed above). As earlier discussion indicates, this interaction with the co-operative may occur in various forms, in many roles, and include a variety of different targets of material or immaterial nature. Whether or not the individual will exercise control over the co-operative depends on the extent to which the member’s need for place is active.

Stimulation

Several scholars (e.g., Duncan, 1981; Porteous, 1976) have suggested ownership serves yet another human need: the need for stimulation (activation, arousal). Kamptner (1989), when commenting upon the psychological meaning of possessions, noted that the targets of ownership serve as ‘the storehouses of life’s meanings.’ The works of Jussila et al. (2007) and Tuominen et al. (2006) from the co-operative context seem to indicate that consumer co-operatives can occupy such roles. Thus, from an emotional perspective, consumers’ co-operative societies provide entertainment to their members in terms of their being repositories holding memories of the past. Interacting with elements of the co-operative organization that serve as ‘memory triggers’ needing to be taken care of, serves as a source of stimulation for the member. Stimulation can be derived, for example,

from one’s using, thinking about, improving, observing, caring, and defending one’s possessions (e.g., Kamptner, 1989; Duncan, 1981; Porteous, 1976).

Thus, considering that *use* in the core of co-operation, it seems obvious that also the need for stimulation can be served by co-operative membership. When using the co-operative, one cannot avoid observing it and thinking about it. There is also an incentive for the members to care for and improve their co-operative (Mills, 2008). Engagement in thoughts and (other) actions of caring and improving will provide the member with stimulation. As Jussila et al.’s (2007) work suggests, members are also known defend their co-operatives – the storehouses of the communities’ local meanings – and, thus, be aroused by them. In this context, feelings of ownership are likely to develop and be maintained through traveling the routes described above. As preceding discussion suggests, the routes to psychological ownership can be traveled in many ways, in different roles, and to many destinations material and immaterial in nature. Whether or not the individual will exercise control over the co-operative depends on the extent to which the member’s need for stimulation is active.

Summary

Psychological ownership (e.g., the feeling on the part of the member that the co-operative or a part of it is “hers” or “his” and that the co-operative or a part of it is part of the member’s extended self) is indicative of the strong, deep and intimate relationship between customer-owners and their co-operatives often referred to as a distinctive feature of consumer co-operation. This state can be measured with an instrument already proved valid and reliable. Psychological ownership is indicative of the special relationship between members and their co-operatives, since it is seen as an outcome of the very same mechanisms identified as the routes to the psychological state of ownership.

Psychological ownership, and the strong linkage between members and their co-operatives, develops through association and interaction with the co-operative. More precisely, feelings of ownership towards the co-operative develop through exercise of control over the co-operative, through intimate knowing of the co-operative, and through the investment of personal resources into the co-operative. Co-operatives offer their members with a variety of opportunities to travel down these routes to psychological ownership, but there are differences

between members in the extent to which they use the opportunities provided.

The motivation for ownership and the psychological experience of it stem from the need for efficacy and effectance (competence), self-identity, place, and stimulation (activation, arousal) – and the positive affective experience that tends to be produced by the presence of that state. Consumers' co-operatives have the potential to satisfy these motives. These organizations offer their members with a variety of ways and roles to interact and associate with their different elements. The extent to which the interaction and association required to bring the expected satisfactions actually takes place is a matter of the above motives. The differences across members in their passiveness – activeness can be explained by the differences across them in how active their ownership motives are.

Conclusions

The content of 'the co-operative link' (Giroux, 1992) and 'the strong linkage' (Normark, 1996) is, to great extent, psychological ownership. It is a clearly defined individual-level cognitive/affective state that can be measured with the instrument validated by Van Dyne and Pierce (2004). In other words, when investigating the depth of a member's relationship with the co-operative, the construct of psychological ownership and the existing measure for it are extremely useful.

In research on consumer co-operatives the psychological state of ownership has been previously referred to in the work of Jussila et al. (2007) and Tuominen et al. (2006). We went beyond their work to analyzing in detail the mechanisms through which psychological ownership emerges. We believe that addressing the role of control, knowledge, and self-investment in the development of the well recognized strong linkage (psychological ownership) between the member and the co-operative adds value to co-operative research. Especially valuable we consider our work to be for researchers of co-operative management, since that special relationship manifested by psychological ownership is seen as a source of psychological rewards for the members and, thus, competitive advantage for the co-operatives (Jussila et al., 2008).

It is well known among co-operative researchers that the motives for membership are not limited to economic utility, even if it is often seen as the primary reason for establishing co-operatives. In this paper we have addressed the roles of several human needs that

can also be seen as important reasons for participating in co-operative projects. Efficacy and effectance motivation as well as the needs for self-identity, place, and stimulation contribute to our understanding as to why consumers are willing to participate in co-operation both as users and owners. It is expected satisfaction of these motives (pleasure) that facilitates the interaction leading to psychological ownership. Further, it is the satisfaction and pleasure discussed here that composes the additional member value and is the source of competitive advantage referred to above.

Managerial implications

It is not only the uncovering of the consumer – co-operative – relationship and pointing out a useful measure that we believe to be of practical value. Our specification and analysis of the routes to psychological ownership will help co-operative managers reinforce of the co-operative link and, thus, contribute to their organizations' favorable position in the market place. Noteworthy, this can be seen to be in line with the purpose of consumer co-operatives, when managerial action of this sort is aimed at creating additional value to the customer-owner that is not attempted to materialize in price increases.

What can managers do to develop a stronger and more intimate link between the consumers and their co-operatives – one that is manifested with feelings of ownership and a sense of being one with the co-operative? Our work suggests that this can be achieved by promoting the consumers' opportunities to interact and associate with the co-operative. Developing new ways of influence and control, providing the members with efficient ways to come to know the qualitative properties of co-operatives, and introducing additional ways and forums for members to invest their energies, intellect, and knowhow into the co-operative serve to increase the potential for the development of psychological ownership among members. However, it seems that the members' role as owners and the potential ways of participation need to also be communicated well. Psychological ownership will not develop if the members do not realize their status. Further, considering that the expectation of satisfaction is central to the motives, it seems that stories of highly satisfied active members could help eliminate some of the passiveness and promote member interaction with the co-operatives.

Future research

As introduced, a detailed discussion of the whole variety of consequences that are seen as an outgrowth

of psychological ownership is something that needs to be done in the future. The work of Pierce et al. (2009) among others specifies a variety of attitudinal consequences of psychological ownership in addition to satisfaction. These include, for example, organizational commitment and a sense of responsibility. That work addresses also behavioral effects such as extra-role behavior, taking personal risks, and making personal sacrifices (to the benefit of the target of ownership). We believe that the employment of the effects – side of the psychological ownership theory in the analysis of consumer – co-operative – relationships would benefit co-operative scholarship and practice. Theoretical work addressing the connections between psychological ownership and the attitudes and behaviors identified as being manifested in co-operatives is an alternative. Considering that the effects may be mixed and more contextual factors must be taken into account, a case study taking cognize of the full variety of dynamics associated with the psychological state might be more appropriate. However, a quantitative survey is not unthinkable option either, since (to our knowledge) many elements of the nomological network already have established measures.

Finally, on the more abstract level, much of what is put forward above applies not only to consumer co-operatives, but other types of co-operatives as well. However, given that co-operatives are different in terms of who owns them and, thus, in their operation and purpose, we would like to offer a word of caution. Considering the potential of co-operatives as satisfiers of the above mentioned motives, it is likely not to be the same across consumers' and workers' co-operatives and those co-operatives that at best reflective of multiparty alliances of entrepreneurs. Probably the relative 'weight of' objective and subjective elements of (motives for) ownership is likely to be vary across these types. We also assume that context will make a difference in particular when analyzing the consequences of psychological ownership and the dynamics associated with them in these different types of co-operatives. Of course, future research can prove our assumptions wrong.

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Usage And Mis-Usage Of Co-operatives. The Example Of Greece¹

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“Ὀλβιος ὅστις ιστορίας ἔσχεν μάθησιν” (“Blessed he who learned history”)

Ευριπίδης (Euripides)

“We learn from history that we never learn anything from history”

Hegel

Abstract

When we examine the evolution of the co-operative phenomenon we need to look at the forces that lie behind the observed facts. The environment in which co-operative activities take place is often decisive for the effectiveness of these activities. Also, the internal cohesion and the loyalty of members may either promote or damage co-operative endeavours. It should not be forgotten that co-operatives are not the sole actors in today's economy. They act in competition with conventional enterprises and have to deal with governments that may be subjected to influences from pressures rival to co-operatives. The Greek co-operative movement during its existence in its present-day form has experienced ups and downs in a sequence determined either by external forces or by internal lack of cohesion or of loyalty of members. Institutional causes, i.e. imposition of improper legal provisions in some cases also played a decisive role.

Key Words

Agricultural Co-operatives, Co-operative Banks, Co-operative Law, Development, Political Influence, Greece

Introduction

Following the introduction of the first law on co-operatives in 1915, the foundation of agricultural co-operatives in Greece was impressively fast. The achievements of the first agricultural and urban co-operatives and the efforts of the leading personalities preaching co-operation (i.e. Iasemides, Hassiotis, Gregoriadis and Michopoulos), resulted in the foundation of more than 5.000 agricultural co-operatives² in the first decade after the introduction of

the law. Most of these co-operatives were credit co-operatives. Among the reasons explaining the establishment of credit co-operatives was usury.

An example of the conditions prevailing in 1928, just before the foundation of the Agricultural Bank, is given by D.N. Afendakis³:

“A village farmer in the area of Katerini, had borrowed from the village grocer 2.000 drachmas in April and he would repay it by delivering to the grocer 1.000 kilos of maize in October. Due to poor harvest he delivered to the grocer 300 kilos of maize. Then, the grocer calculated the remaining debt as follows: ‘You ought to deliver 1.000 kilos of maize. I would sell it at 4 drachmas a kilo, a total of 4.000 drachmas. You brought 300 kilos. At 2 drachmas a kilo, according to our agreement, is equivalent to 600 drachmas.

Therefore, the remaining debt is 3.400 drachmas, or another 1.700 kilos of maize”.

In this real case, the same calculation continued for some years and the poor farmer came to owe more than 10.000 drachmas to that modern Shylock⁴. A compromise was reached only by means of intervention of the Ministry of Agriculture and the National Bank of Greece, which offered to undertake the repayment. Examples like this one were many, not only before but even more common, during the realization of the Agrarian Reform (1923-1932), because capital was urgently needed by the newly established independent producers. It was in this period and under these conditions that credit co-operatives proliferated. Agricultural co-operatives have experienced numerous ups and downs during their entire life. Some of these relate to the availability of credit.

The first brakes to growth of agricultural co-operatives

In 1924, Socrates Iasemides, a remarkable figure for the promotion of co-operation from his positions at the Ministry of Agriculture and as a Professor at the Agricultural University, was giving the battle, at the side of Alexander Papanastassiou, for establishing an

Agricultural Bank as an offspring of the National Bank of Greece, the one financing the agricultural sector, on the basis of an agreement with the State. His view, similar to that of S. Hassiotis, who, as early as 1916, had prepared a draft law for establishing an Agricultural Bank, was that principal organs of that bank should be the regional Unions of Agricultural co-operatives. The objection of the National Bank leaders was that the time was not proper, because at local level the organisational structures of co-operatives were very weak. According to Iasemides, “the more we postpone, the more we shall wait, because we deviate continuously from the proper organisation of agricultural credit, i.e. the mutual responsibility and the development of co-operative consciousness”⁵.

How prophetic these words were is seen by the fact that no essential involvement of co-operatives in agricultural credit existed for decades. The Bank established a dense network of branches at a cost much higher than by using the agricultural co-operative Unions as its agents⁶. And when it started using the services of some co-operatives, their role was very limited. I recall that in the late 1970's, the then Governor of the Agricultural Bank of Greece, in a reply to a claim for expanding the role of the Unions of Agricultural co-operatives in agricultural credit, he said that “co-operatives are immature for such a role”. If one wanted to be fair for all sides, he should say that the conditions in the country were not ripe from another angle – and even until recently were not favourable – for such synergy, because governments used to intervene both in the State Agricultural Bank of Greece and in agricultural co-operatives⁷.

The objection of the National Bank of Greece concerning the establishment of a separate Agricultural Bank was expressed also in another way: By exercising pressure upon co-operatives and farmers, hundreds of telegrams were sent to Parliament, to ministers, to political parties and to newspapers in support of the National Bank positions against the establishment of a separate bank and the use of Unions of Agricultural co-operatives as its regional organs. As Klimis⁸ points out, a list of those signing these objections would form a “black book” in the history of cooperation. Even the Minister of Agriculture of the Venizelos' government took a position against the establishment of a separate agricultural bank and against the use of the Unions as regional organs. The establishment of the Agricultural Bank of Greece in 1929 signified a victory of Al. Papanastassiou and of the Venizelos' administration, the government in office when the law was passed. This was the second milestone of co-operative

achievements, the first being the introduction of the 1915 law on co-operatives.

The law establishing the Agricultural Bank of Greece⁹ defined as one of the objectives of the Bank the encouragement of the co-operative spirit among the farming population and the supervision and auditing of all agricultural co-operatives¹⁰. Despite the initial difficulties and the lack of training of farmers in co-operative management, the impact of doing business in a co-operative way had seriously annoyed the previously established mechanism of serving farmers. The growth of co-operative business meant shrinking of their business. That was unacceptable. One remembers in this case a comment of Karl Marx, referring to a report of “The Spectator” in 1866. Marx says for that report¹¹:

“This paper finds that the main defect of the Rochdale co-operation experiments is this: ‘They showed that associations of workmen could manage shops, mills, and almost all forms of industry with success and they immediately improved the conditions of the men, but then they did not leave a clear place for masters’. How horrible!” (*Quelle horreur’ in the original*).

In Greece, the reaction of those annoyed by the growth of co-operatives¹² took the form of pressure exercised upon the government for limiting the freedom of co-operatives in doing business. A draft law¹³ presented to Parliament in 1931 (by the Venizelos' government) for amending law 602/1915 came as a surprise even to the Venizelos' supporters¹⁴. Its basic provisions were the following:

1. Purchasing agricultural inputs and household goods by co-operatives could be carried out only on the basis of orders by the members, specifying the quantities ordered.
2. Members should be bound for 20 years to remain in the co-operative. Contrary to this, membership of primary co-operatives in Unions (second degree) could be terminated after a year.
3. Managers of co-operatives should have specific qualifications defined in the law.
4. A supervisor, acting as a State commissioner should take part in all meetings of the board of directors and the general meetings. He would be entitled to express his views about the matters discussed but with no voting right.

These and other important restrictions were passed although they were severely criticised by eminent politicians and academics. These provisions had been

characterised as “legal storm” by P. Hassapoulos¹⁵, the expert in co-operative legislation, and were considered as a gift compensating traders and middlemen who were loosing grounds by the activities of co-operatives. The propaganda against agricultural co-operatives during this period (1931) had other expressions as well. The Bishop of the town of Serres and the Governor of the region of Thrace, openly and publicly attacked co-operatives as the “organs of economic and political exploitation of farmers, guided by demagogues and adventurers or treacherous managers of the co-operative property¹⁶”. It should be remembered here that all these attacks against agricultural co-operatives took place in a period of crisis (the Great Crash), when the need of the low-income classes to give value to their low income, guided them to discover the importance and the usefulness of co-operatives.

From the crisis to the war

The political upheavals of 1935 brought again to surface the annoyance of the trading circles. This time, a group of members of Parliament demanded the dissolution of all agricultural co-operatives, characterizing them as groups aiming at the economic and political exploitation of farmers. The government rejected the proposal of the parliamentarians but intervened in the affairs of agricultural co-operatives by abolishing the elected governing organs of some co-operatives, dismissing a number of employees, accusing them for involvement in politics, and recalling the elected representatives of farmers in the governing organs of the Agricultural Bank of Greece and in other organs. For such interventions Professor A. Sideris wrote: “Unfortunately, in our case, the major enemy is the State, both positively and negatively¹⁷”.

The dictatorial regime of 1936 had a different view about the role of agricultural co-operatives. In conjunction with the Agricultural Bank of Greece and under its guidance, co-operatives were called to implement a national plan prepared by the government. At the top of the co-operative pyramid, the regime placed a Supreme Co-operative Council, the majority of members of which were appointed by the regime. In a gesture to flatter the agricultural co-operatives and its employees, the regime introduced favourable legislation for the employees. So:

- all employees of agricultural co-operatives were recognised as permanent staff, enjoying a status similar to that of civil servants,
- a pension fund was established for the personnel of agricultural co-operatives,

- a co-operative school was established and started operation from 1939, and
- sources of income were secured for the operation of the Confederation of Agricultural Co-operatives¹⁸.

In short, agricultural co-operatives were transformed into semi-state organs, entitled to implement the government programme. Even a Ministry of Co-operatives was established in 1939. The post of the Deputy Minister was occupied by the same person who previously was Governor of the Agricultural Bank of Greece and Chairman of the Supreme Co-operative Council.

Period 1940 to 1980

At the end of the 1930's basic exportable agricultural products were tobacco, black currants and sultana raisins and the most important product for domestic use was cereals. For black currants a kind of Marketing Board had been established in 1925 and for sultana raisins a co-operative one was established in 1940. When it became almost clear that Greece would not avoid entering the War, KYDEP was established as a state organization for domestic products and particularly cereals. This organization was transformed into a co-operative in 1945 and played important role since then.

When Greece entered the War in 1940, agricultural co-operatives decided to donate all disposable property in reserve funds for the national cause, a gesture characteristic of these socioeconomic enterprises. During the period of German occupation, many agricultural co-operatives acted against the black market mechanisms of traders and co-operated with consumers' co-operatives in order to feed the population in difficult periods, as the occupation army was seizing the basic agricultural products for the needs of the occupation army. According to Mark Mazower, “just one month after the German invasion to Greece in April 1941, observers there were expecting famine. They were right: Some 100.000 Greeks must have died from hunger that first winter of occupation¹⁹”.

In their anxiety to enlarge the role of agricultural co-operation in those difficult times, there were voices to make participation in co-operatives compulsory, but these were rejected by the competent minister. Soon after the end of the War, agricultural co-operatives held free elections and a new era started. Central figure was Alexander Baltatzis, with a group of devoted and honest co-operative leaders. Two characteristics

Table 1.

Name	Activity	Legal form	Year of establishment
Agricultural inputs			
SPE	Machinery etc	S.A.*	1949
SPEKA	Machinery	S.A.	1957
KTINOTROFIKI	Improved animal breeds	C.U.**	1962
ELVIZ	Compound feeds	S.A.	1963
KYDEP	Feed grains	Pool***	1978
SYNEL	Fertilisers	S.A.	1981
Handling of agricultural products			
KYDEP	Cereals, cotton, seeds	Pool	1940
KSOS	Sultana raisins	Pool	1940
SEKE	Leaf tobacco	S.A.	1947
ELEOURGIKI	Olive oil and olives	C.U.	1949
KEOSOE	Wine	C.U.	1949
SIKIKI	Figs	C.U.	1953
DODONI	Milk and products	S.A.	1963
SKOP	Fruit and vegetables	Pool	1963
SEKOVE	Processed fruit and veg.	S.A.	1969
SEVATH	Processed fruit and veg.	S.A.	1978
SEKAP	Cigarettes	S.A.	1975
Services			
CO-OPERATIVE SCHOOL	Staff training	No separate legal form	1949
ASE	Printing and publishing	S.A.	1958
ELSY	Distribution network	S.A.	1977
SYNETERISTIKI	Insurance	S.A.	1978
SYNEDIM	Transportation services	S.A.	1980
SYNEDIA	Advertising – public relations	S.A.	1981

* Joint-stock company (Societe anonyme)

** Central Union

*** Pool of co-operatives

became apparent during this period. The first is the implementation of a plan to create a co-operative network for the provision of agricultural inputs, handling of raw and processed agricultural products and providing the necessary services. We shall come back to this network. The second characteristic was the tendency to use the joint-stock company form by co-operatives in establishing central co-operative organs. Reasons for turning to co-operative joint stock companies were principally the flexibility in taking decisions and the stability of legislation pertaining to the joint-stock companies comparing with the frequent changes in the co-operative legislation and the various forms of intervention. Also, the joint-stock company form was limiting the loss in case of business failure to the amount of share capital and besides was allowing for establishing joint enterprises with the Agricultural Bank of Greece. The majority or all shares of co-operative joint-stock companies were in the hands of co-operatives.

In addition, there were a number of milk factories and other enterprises jointly owned with the Agricultural Bank of Greece. The plan had included NESTOS, S.A. for agrochemicals and DIMITRA, S.A. for processed products from cereals. These were not approved for financing. The tobacco exporting co-operative company SEKE developed into an outstanding example of economic achievements and social sensitivity. It was the first enterprise that entered into the then "Eastern Block", in the early '50s for exporting leaf tobacco and importing machinery, under the 'clearing' system²⁰. Also, it operated a system of scholarships for university studies addressed to students of poor tobacco producing families²¹. More than 300 students had made a career due to these scholarships.

Among the initiatives taken in this period was the establishment of the Co-operative School in Thessaloniki for training co-operative employees and members and also the promotion of school co-operatives. Co-operatives in primary schools had to demonstrate some impressive achievements even since 1925²². From 1954, with the encouragement of the Ministry of Education and the award of prizes by the Agricultural Bank of Greece, since 1977, to the most successful of them, around 500 to 800 school co-operatives were offering practical experiences of co-operation to primary school pupils²³. When, in the 1980's, the Ministry turned its interest to "school communities" as a way of group action of pupils, school co-operatives ceased to be the center of interest. So, the messages of co-operation, of solidarity, of unity and of mutuality became of secondary importance.

The economic strengthening of agricultural co-operatives in the period between 1950 and 1967 brought with it the respect of the governments, which were trying to have good relations with them. The favourable climate between successive governments and co-operatives on the one hand was strengthening the image of co-operatives but on the other was raising complaints from traders and processors of agricultural products.

The operational network that was planned by the agricultural co-operative movement in the post-war period came to a standstill during the dictatorship of the period 1967-1974.

The dictatorship of the period 1967 to 1974 had no inhibitions regarding agricultural co-operatives. Soon after its establishment it declared the termination of the period of office of the boards of directors of agricultural co-operatives of all levels and legal status²⁴. It also ordered the dismissal of all general directors, directors and legal consultants of co-operatives. In their positions the regime placed persons loyal to the regime. No similar measures were taken for non-agricultural co-operatives or for conventional enterprises. It was obvious that what the dictatorial regime wanted was to keep under its control the rural population. The dictatorial regime prepared a law on agricultural co-operatives²⁵ with provisions for compulsory mergers of primary and second-degree co-operatives, so that there would be only one primary co-operative in each municipality or commune and one second degree co-operative in each prefecture. The fall of the regime, did not allow this law to apply. Free elections were held by agricultural co-operatives soon after the fall of the dictatorship.

The recent three decades

Dominant issue after the fall of the dictatorship was the accession of Greece to the European Economic Community. That issue was a dividing one, because the then government was for it and the larger opposition party against it. It sounds strange but this issue was destined to influence the future of agricultural co-operatives. The board of directors of the Confederation of Agricultural Co-operatives (PASEGES) took a pro-European position and in 1978 and 1979 organised seminars to inform its membership on Common Agricultural Policy issues. That was interpreted as a pro-government position by the then opposition party, so that it set as his goal to depose that board.

The opportunity came when the opposition party won the 1981 elections. Early in 1982, it passed a law²⁶

by which it declared the termination of the period of office of all boards of directors of all levels of agricultural co-operatives and it ordered new elections at a specified time. The same law changed the election system of agricultural co-operatives. Under the new system there would be no a single list of candidates but candidates should present themselves to the voters in groups. Of course, it was apparent that these groups would be formed according to political party affiliations and actually this was the case. Further, the political parties came out openly and were declaring who were their candidates. When speaking of the election in co-operatives the political parties were referring to a "battle about co-operatives". Co-operatives "had been transformed from economic enterprises to election mechanisms"²⁷.

The election results were presented according to political-party proportions. The political party in power "won" the elections but the internal unity of co-operatives, their greatest value, had been lost. Having won the elections, the then Minister of Agriculture started the procedure of keeping one of the most important pre-election promises. It was the transformation of the Agricultural Bank into a Co-operative Bank. To that effect, in 1983, he presented a draft law²⁸ proposing a mixed scheme with minority shares to be acquired by the Unions of Agricultural Co-operatives. The proposal seemed to be agreed by the co-operatives but soon the draft law was withdrawn for more detailed elaboration. But it never appeared again.

The matter was put to the Prime Minister by President E. Seitanidis of Pasesges in 1989 in Kileler. As Seitanidis writes: "(The Prime Minister) promised that he will satisfy our claim for transforming the Agricultural Bank into a co-operative Bank. The promise was not kept"²⁹. So, in spite of promises of both political parties for transforming the Agricultural Bank into a semi-state or into a co-operative bank, nothing of the kind happened. Once the co-operative movement had established strong links with the government, the government plans to make co-operatives the organs for socialist transformation of society³⁰ were set in motion through plenty of loans by the Agricultural Bank of Greece, even far above their solvency, encouragement for intervention in the market by paying satisfactory prices to producers irrespective of the prices formed in the market, acquisition of excessive personnel, new investments of doubtful viability, etc. The basis for the new system would be the "agro-industrial co-operative"³¹, a co-operative undertaking including, at its best, all levels of activities (joint-production, processing and marketing). Legislation enacted in 1985³², introduced a

series of changes, among which the compulsory mergers of primary co-operatives of the same municipality or commune and of second degree co-operatives of the same prefecture, so that there should be one primary co-operative in each municipality or commune and one second degree co-operative in every prefecture. Also, members were compelled by law to deliver their products to the co-operative for processing and marketing. None of these orders found application either due to widespread objection or to inability to apply.

The government embrace of agricultural co-operatives created a climate of euphoria in the new leaders, who, however, in most cases were inexperienced although they demonstrated excessive confidence and enthusiasm. These characteristics proved insufficient to manage co-operatives depending on loans. Around 1989, the Bank could no longer withstand the burden of outstanding loans. In a state of crisis, it was then decided a restructuring of outstanding loans by charging to the government those loans originating from government instructions. The remaining should be born by the co-operatives themselves, as deriving from mis-management or business failure³³. For that latter portion, the Agricultural Bank requested the preparation of viability reports by its debtors. It should be said here that the Agricultural Bank of Greece was charging the high interest rates for overdue loans and was compounding this interest every three months!³⁴ It took some years for these matters to be resolved. In the meantime many co-operatives came to a standstill due to lack of cash, markets were lost, fixed assets were sold in order to pay wages and salaries to personnel and a number of the larger co-operative enterprises were liquidated.

The impact of this turmoil can be appreciated by making reference to some figures: 92% of all fertilisers (about 2 million tons)³⁵, 33% of the soft wheat produced in the country, 58% of hard wheat, 64% of maize and 32% of barley³⁶ (i.e. 50% of the production of cereals in the country) that were previously in the hands of co-operatives have been gifted to private traders. This is the outcome of the failure of only SYNEL and KYDEP. For the Court decision ordering the dissolution of KYDEP, the late George Daskalou was asking: "How was the fact that 99.87 per cent of the overdue loans of KYDEP were due to one creditor, who for decades was also auditor and supervisor and the loans were decided on the basis of detailed and binding contracts concerning follow-up and guarantees?"³⁷. Obviously it was a rhetoric question. The corresponsibility of the Agricultural Bank was not considered at all. In 1996, a group of experts headed

Table 2:

Name	Activity	Condition in 2010
Agricultural inputs		
SPE	Machinery etc	Dissolved
SPEKA	Machinery	
KTINOTROFIKI	Improved animal breeds	
ELVIZ	Compound feeds	Agricultural Bank majority
KYDEP	Feed grains	Dissolved
SYNEL	Fertilizers	
Handling of agricultural products		
KYDEP	Cereals, cotton, seeds	Dissolved
KSOS	Sultana raisins	Reduced activities
SEKE	Leaf tobacco	
ELEOURGIKI	Olive oil and olives	
KEOSOE	Wine	
SIKIKI	Figs	In operation
DODONI	Milk and products	Agricultural Bank majority
SKOP	Fruit and vegetables	Dissolved
SEKOVE	Processed fruit and veg.	
SEVATH	Processed fruit and veg.	
SEKAP	Cigarettes	Agricultural Bank majority
Services		
COOPERATIVE SCHOOL	Staff training	Unit of PASEGES
ASE	Printing and publishing	Dissolved
ELSY	Distribution network	
SYNETERISTIKI	Insurance	In operation
SYNEDIM	Transportation services	Dissolved
SYNEDIA	Advertising – public relations	Agricultural Bank majority

* Joint-stock company (Societe anonyme)

** Central Union

*** Pool of co-operatives

by Professor J. Spraos was assigned by the government to review the situation of the economy and to propose solutions. In its paper for agriculture³⁸, the committee pointed out that “development for agriculture without co-operatives, apart from being a European originality would be also an impossible venture” (page ix). For the problems of co-operatives, the committee observed the following concerning Co-operative Law. The extend of misunderstanding the social role of co-operatives can be clearly seen from a statement of a General Director of a co-operative company (SPE)³⁹, who, in giving the reasons for losses in the annual balance, he said: “The social and specifically the co-operative mission of co-operative companies is verified mostly by their daily operation and by the losses they knowingly incur, which represent donations to farmers”. In other words, the greater the losses the greater the contribution to society. Of course, the co-operative company he was managing went bankrupt within a year or two.

A present day picture of the network shown on Table 1 appear in Table 2. below which indicate that most and the important co-operative enterprises have been dissolved.

The damage done to agricultural co-operatives by this embrace by the government is obvious. The conventional private enterprises were complaining for the distinctly favourable treatment of agricultural co-operatives, but, finally, these enterprises were the ones that gained and flourished from the fall and liquidation of agricultural co-operatives. It is important to note here that, especially for KYDEP, the largest co-operative dealing with cereals, cotton, feed-grains and seeds, the decline and finally the dissolution was due also to the attitude of the personnel. When it was proposed to reduce the excessive personnel, the professional organ of the personnel went on strike for a long period, resulting in further business losses to the co-operative. It is probably reasonable to assume that the leaders of the personnel new something more, given that the personnel of KYDEP entered the civil service after the dissolution of KYDEP.

The greatest damage suffered by agricultural co-operatives refers to the image formed by the general public about agricultural co-operatives. To the man in the street co-operatives are synonymous to business failure, to government-dependent enterprises living on subsidies. Such views remind something of the past. As a result, one often sees in the press suggestions to farmers to do away with agricultural co-operatives and to start organizing in joint-stock

companies. During this period of closer dependence of co-operatives upon government instructions, legislation was used when necessary in order to safeguard the political party affiliations. The interest of political parties about the election results in co-operatives remained always dominant. So, when a new law on agricultural co-operatives was enacted in 1993⁴⁰ introducing the single-list system for the co-operative elections, the change of the political party in government brought with it the return to the system of the groups of candidates⁴¹. These groups in the elections of 1994 were again affiliated to political parties. One can conclude that the interests of the political parties were considered more important even when the economic devastation of agricultural co-operatives was coming at full steam. Some other characteristic modifications introduced by the 1994 law, were:

- The need of approval of the Confederation of Agricultural co-operatives (PASEGES) for the establishment of a second primary co-operative in a municipality or commune or of a second union in a prefecture.
- The doubling of the amounts of money granted to the representative organs of co-operatives and the professional organizations from the Agricultural Insurance Organisation (ELGA).

The most characteristic picture of the political parties' involvement in the affairs of agricultural co-operatives is presented by Elias Seitanidis, President of the Confederation of Agricultural co-operatives (PASEGES) in the period 1987-1990 in his book “In absolute sincerity” (“Εκ Βαθέων”)⁴². He writes:

“For the sake of history, I must say that the joint Praesidium of KYDEP (i.e. the blocks of PASOK and the Communist Party) had divided the handling of the different products. Cereals and seeds were handled by the block of PASOK. Cotton was handled by the block of the Communist Party” (p. 96).

In this confessional book he also writes:

“It was the period when political-party loyalty was guiding the way of our operation; and although we knew that this was contrary to our co-operative conscience and with our standing request for an independent non-patronised by any political party and financially self-supported co-operative movement, we did not react to political-party expediency and intervention” (p.88).

One is tempted to compare these sincere words with the hypocritical statement, in the same period (end of

1986), of the then Deputy Minister of Agriculture D. Pitsioris, who, speaking in the general meeting of KYDEP said: "The overall picture of the general meeting shows the progress that has been made by KYDEP, which from the times of misery, from the times when it was a branch of the government has become today an independent and gigantic and target oriented supreme co-operative organization"⁴³. The overall impact of the policy followed in the past 30 years can be seen also from the evolution of the number of employees. In 1980, when most national level co-operative enterprises were in operation, the number of employees was 6.776 persons⁴⁴. In 1989, with the encouragement of co-operatives, the number was nearly double (12.734)⁴⁵. This was the time when the Agricultural Bank of Greece was unable to continue financing the agricultural co-operatives. Today (2010), the number of employees has fallen to 2.500⁴⁶.

Grounds for a limited optimism

Let us finish this case study with attempts to answer two questions. The first question is:

How useful is the review of past experiences?

Hegel wrote:

*"What experience and history tell us is that people and governments have never learned something from history, never have acted in accordance with the lessons that could be drawn from it"*⁴⁷.

Of course, the situation is never exactly the same in two different time periods; but one cannot negate the usefulness of knowing past events together with their causes and consequences.

The second question, with reference to Greek agricultural co-operatives, is:

Can we still retain some optimism?

It is encouraging that the law on agricultural co-operatives of 2000 (Law 2810/2000 has been accepted in practice by the political parties in government since then and that some groups of young and educated producers seem to have appreciated its provisions. One should also recall that the historian of the Rochdale experiment (G.J. Holyoake) tells us: "In 1844 co-operation was no unknown thing. It was worse than that. As sometimes happens at the police courts, it had, like the prisoner at the bar, 'be seen there before'. Co-operation was an old offender; it had been tried and condemned many times"⁴⁸. However, co-operation grew and became a worldwide phenomenon. So, we can hope that the future will be better also for the agricultural co-operatives of Greece. According to Nicolas Kolymvas:

*"The future will entail wider participation of co-operation in solving the economic and social problems of our times, given that the international experience has shown that it is an institution adapted everywhere, both in developed and developing countries and which demonstrates undoubtedly successes in the sectors of production, consumption, handling of goods and of credit."*⁴⁹.

In any case, we should keep in mind the words of Christos Malevitsis who wrote that "the postponement of despair is named hope"⁵⁰

References and notes

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Short biographical index

Euripides: One of the most important ancient Greek dramatists (480 B.C. - 406 B.C.)

Hegel: Georg Wilhelm Friedrich Hegel (1770 - 1831) a German philosopher, one of the creators of German Idealism.

Isaemides, Socrates: Agricultural Economist (1878-1929). One of the major early contributors to the development of agricultural co-operatives in Greece, editor of the first co-operative journal, first Professor of Agricultural Economics and Co-operation.

Hassiotis, Spiridon: The first Director (Rector) of the School of Agriculture of Athens and devotee of agricultural co-operation.

Gregoriadis, Dimitrios: Agronomist (1870-1907). Director of the Kassavetios Agricultural School of Thessaly, founder with Michopoulos of the Almyros agricultural co-operative

Michopoulos, Nicolaos: Primary School Teacher (1878-1933). Founder (with Gregoriadis) and later President of the Almyros agricultural co-operative. Leading figure of co-operation.

Afendakis, D. N., Head of the Studies and Statistics Department of the Agricultural Bank of Greece.

Shylock, is the name of the moneylender of the Shakespearian drama “*The merchant of Venice*”.

Klimis, Aristide N. (1915-2010). Eminent historian of Greek co-operatives, founder of Greek Co-operative Law, editor of co-operative journals, honorary Doctor of Philosophy of the Agricultural University of Athens.

Papanastassiou, Alexander (1876-1936). Sociologist and influential politician, with considerable contribution in the foundation of parliamentary democracy in Greece.

Venizelos, Eleftherios (1864-1936). One of the most important politicians of modern Greece.
Marx, Karl (1818-1883). German political philosopher. In collaboration with Engels, he developed the Marxist philosophy. His monumental work is *Das Kapital* (Capital) (1867).

Hassapopoulos, P., Lawyer and influential writer on co-operative legislation, Head of the Law Department of the Confederation of Agricultural Co-operatives.

Sideris Aristotle, University Professor of Political Economy. One of his remarkable works refers to the agricultural policy of Greece in the period 1833-1933.

Mozower Mark, Historian, graduate of Oxford and John Hopkins. He teaches international relations and modern history at the University of Sussex.

Baltatzis Alexander, (1904-1987). Lawyer, politician, Minister of Agriculture (1963-1965), first president of PASEGES (1935), leader and supporter of numerous large co-operative ventures.

Seitanidis Elias, (1929-) President of PASEGES in the period 1987-1990, President of the Centre of Social Economy, President of the Board of Directors of SEKAP (co-operative cigarette industry) 1993-2000.

Daskalou George, (1945-2008). Agricultural Economist, Mathematician, Economic Consultant of PASEGES and of KYDEP, Professor of the Piraeus Technological Institution and of the University Le Mans (France), teaching Management of Social Economy Enterprises.

Spraos John, Professor, head of a committee entrusted to advise the Greek government on the policy to be followed.

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Holyoake G. J., (1817-1906). British historian and supporter of co-operation. He wrote the History of the Rochdale Co-operation and the History of Co-operation.

Kolymvas Nicolas, (1913-2009), Teacher of co-operation and manager of co-operative enterprises, General Director of PASEGES and member of the Economic and Social Committee of the European Economic Community.

Malevitsis Christos, (1927-1997), philosopher, translator and writer of philosophical treatises.

Agricultural Co-operation in Spain. Developing research goals and a literature review on the issue of success factors for co-operative management applied in the case of an olive oil co-operative

Cristina Pedrosa Ortega

Abstract

Spanish Agrarian Co-operatives have had to respond to the new economic environment by adopting new strategies in most business areas, particularly in human resources and government in order to achieve effective action evolving them into a successful business formula and to achieve a competitive advantage.

This paper focuses on identifying and describing those factors that determine business success in the management of agrarian co-operatives as a result of a process of business innovation. In this context, our case study focuses on organizational innovation, based on the management model that deals with all stakeholders as part of the organization, in order to determine the factors that determined the success of the co-operative analyzed.

We hope to contribute, from our empirical research, a better understanding and orientation in the agrarian co-operative management, trying to synthesize the factors that have enabled the success of our case study.

Key Words

Agrarian Co-operatives, Co-operative Management, Stakeholder Management, Success Factors

Introduction

There is an increasing interest in the study of agrarian co-operatives due to the importance of this type of organization for the business fabric of any country, since

“the agricultural co-operative movement acts as the main economic and social dynamic factor of rural areas, because it contributes towards job creation, fixes the population to its territory, strengthens the business network, generates wealth, improves the social welfare of the citizens and contributes to the conservation of the landscape and natural resources”.

Similarly and referring specifically to the case of Spain, we can say that the Spanish co-operative movement represents an important reality today, not only from a social, but also from an economic point of view. Agrarian co-operatives are, at present, decisive in the process of agricultural price fixing. In addition, according to the records from the Confederation of Agrarian Co-operatives of Spain (henceforth CCAE), nowadays there is an estimation of about 4,000 co-operatives in Spain that constitute a very important part of the economic activity of the Spanish food and agriculture sector, with a yearly turnover of around 19,000 million Euros. Moreover, they assemble a significant part of the Spanish agrarian sector, providing jobs to more than 77,000 workers, mostly in rural areas, which turns this type of companies into a truly driving force for the economic, social and cultural life of the rural and less populated areas of the country.

In the same way, the agrarian co-operative movement also has an enormous influence on European agriculture as a whole, since it represents more than 60% of the agricultural supply. It is likewise considered the business form which best adjusts to the demands of the Common Agricultural Policy, which has granted it a greater institutional role as a constituent of many of its actions.

However, in spite of the economic importance of these companies, their fragility is also a known fact. Indeed, co-operative societies are frequently defined as inefficient companies when compared to or in competition with conventional capitalist companies. Statistic analysis seems to confirm the ideas of those critical of the model as it reveals that: the presence of the co-operative movement, regarding its number of units or its size, is usually insignificant in most parts of the world (Coque, 2008). This situation poses serious problems to the co-operatives involved, owing to the high costs associated to the breaking-off of this relationship and also to the uncertainty that the establishment of others entails. According to Spear (2004), certain feelings of discouragement and isolation are already pervading co-operative societies.

Thus, due to the socio-economic importance of agrarian co-operatives in Spain, together with the difficulty of their development, the costs associated to their dissolution, and the problems of management which they have to face, it is paramount to know the factors that determine business success in this type of organization. With this in mind, a research has been carried out on a highly important Spanish agrarian co-operative, both nationally and internationally. A qualitative methodology, based on a case study, has been used with a view to analysing decisive factors in attaining corporate success.

This methodology has been a source of controversy (Cabrera, 1998). However, it is our opinion that nowadays this methodology enjoys a higher level of acceptance, as acknowledged by several authors (Welsch, 1993; Handler, 1994; Kirby and Lee, 1996; Sharma et al., 1997), mainly due to the interpretative richness and the in-depth treatment of the data, as well as to its greater flexibility. With our empirical investigation as a starting point, we aim at gaining a better understanding of the management of agrarian co-operatives, in an attempt to determine the factors that have allowed the company under study to achieve corporate success.

Co-operative management

Co-operatives epitomize a style of management and a specific organizational practice. For this reason, the features of this type of organization constitute a key factor in the distinction between social economy companies and conventional capitalist companies. In this model, management is exerted directly by the members through general assembly, and these members participate in decision making and in the establishment of their policy of action. As Spear (2004) points out, co-operatives serve their members and, in addition, they grant them the democratic rights for their government; hence, we can affirm that, as societies of people, they are the only ones whose members participate in a democratic way in the decision making process (Buendía, 1994), that is to say, the power of decision resides in the member, regardless the contributed capital, which only accredits him/her as a member. In this type of corporation the human factor is stressed, following the premise of "one member, one vote", whereas the capital stands as a supporting factor.

Co-operative Value Based Management

Consequently, we can speak about a type of management specific to these co-operatives, along the lines of Davis and Donaldson (2005) in their book

Management Co-operativista which insists co-operative management when it is true to co-operative values and purpose can better utilize modern management methodologies such as TQM Relationship Management (employee, supplier and customer and other stakeholders), building greater solidarity, team-working and co-operation. Davis and Donaldson argue that co-operative management is a co-operative value – based model rooted in the philosophy of servant – leadership or stewardship approach which in the context of a not for profit service based co-operative or mutual sector business model can best manage stakeholder conflicts and tensions derived from living in an environment with a diversity of demands. It is an environment in which numerous social actors co-operate and support and maintain the business and social enterprise that is a co-operative. The co-operative value based approach proposes the search for the common denominator within the framework of this set of multi stakeholders. It is therefore vital to promote shared principles particularly the principles of mutuality and reward based on participation. (Davis and Donaldson, 2005, Chapter 5).

Hence, the aim of our research is to overcome the restrictions of the traditional approach to management (which focuses on satisfying the interests of shareholders or stockholders through the creation of value that is to say, increasing the value of the corporation and thus achieving a greater recognition in the markets) and to concentrate on the model of stakeholders since it pursues a much wider goal which goes beyond the mere satisfaction of stockholders, because it aims at achieving a balance of the interests, sometimes contradictory, of all the groups that have a legitimate interest in the corporation (Donaldson and Preston, 2005).

However, what influence does co-operative management exert on the attainment of corporate success in this type of organizations? This is a question of vital importance in our research because we claim that the agrarian co-operative which presents good governance practices, including all stakeholders of the company, will gain competitive advantage that will make it stand out from other organizations, thus ensuring its continuity in the market.

The Stakeholder Model

According to Begler (2005), the study of how enterprises are managed has been a pre-occupation of many writers and the literature can be broken up into several different models of governance:

Figure 1: Models of Governance

Models Of Governance	Definition
Representational Theory: a democratic model	This theory suggests that the ideas of democracy and democratic government are central to the development of culture and practices in the governance of co-operatives. Managers more in the role of civil servants or administrators.
Agency Theory: compliance model	This theory assumes that the owners of organizations and the management of these organizations have different interests. Governance arrangements are means by which management (the agents) is encouraged and forced to act in the best interest of the owners. Such a framework is generally applied to explain behavior in the private and capital based business model.
Servant leadership or Stewardship Theory: a partnership model	Contrary to agency theory, this model assumes that managers want to act as effective stewards of resources on behalf of owners. The board supports management, works with management and focuses on long term strategic interests. This model is driven by normative values of service to others and community. Managers committed to support the development of the individuals and the whole community with which they are associated.
Resource Dependency Theory: a co-option model	In this case the main role of the board is to maintain good relationships with key non-owner external stakeholders.
Stakeholder Theory: a stakeholder model	This theory suggests that organizations should be responsible to a range of groups besides the owners. Its close applicability to the co-operative model has already been acknowledge above.
Managerial Hegemony Theory: a rubber stamp model	This theory relates to the premise that control of organizations has really passed from owners to a new professional managerial class. The board becomes little more than a rubber stamp. There are real fears that these can be applied to co-operatives as to any large-scale business where managerial power can easily take root.

Figure 2: Variables that influence the probability of success

Variables That Influence The Probability Of Success	Endogenous	<ul style="list-style-type: none"> - Compliance with co-operative principles and values - co-operative identity - Leadership - Management ability to adapt to the needs and changes in the environment
	Exogenous	<ul style="list-style-type: none"> - co-operative integration - Government policies - co-operative legislation

In this paper we intend to apply the model of management based on the satisfaction of the interests and concerns of all stakeholders of the agrarian co-operative, in order to help it face the new circumstances of its environment. All this is regarded as a decisive organizational feature to keep the corporation in optimal conditions and to lay the foundations for good governance, since we will attempt to prove that co-operative identity is preserved and respected.

Consequently, it is necessary to place the integration of all stakeholders at the heart of co-operative governance, since the role that they play within organizations is gradually gaining importance. Companies have to be ready to identify them, as well as to establish their needs and expectations in relation to the corporation with the purpose of reconciling the interests of these groups and those of the co-operative itself. This conciliation of interests resides in making the objectives of all stakeholders of the company compatible so that the expectations of all of them can be satisfactorily fulfilled without conflicts. According to Guerras and Navas (2007), the alignment of interests would be achieved through negotiation among all stakeholders until a balance has been reached and a goal has been set that, to a certain extent, comprises the interests of all the groups.

As a result of these relationships of interdependence between stakeholders and the co-operative a number of factors emerge which, our research suggests, can influence the attainment of success in the management of agricultural co-operatives and that we will proceed to analyze in the following section.

Factors that influence the success of co-operative management

Our main goal in this study is to identify and describe the factors that determine success in the management of agrarian co-operatives. In this context, our case study focuses on organizational innovation (based on the model of management which deals with stakeholders as part of the organization) in order to find out the factors that determine the success of the co-operative under study.

Variables that influence the probability of success

In order to identify the variables which influence co-operative management, we have resorted to the co-operative case studies by Dávila (2004), which reveal some common factors of success that accurately match the proposal which promotes the co-operative model.

Similarly, following Hernández (2002), we have classified these variables into endogenous (internal variables originating in administrative decisions, structure, objectives, controls, and management) and exogenous variables, related to the context (legal, economic, financial, social aspects, etc.).

Methodology

As far as our research methodology is concerned, we have considered appropriate to use a qualitative methodology. In particular, we have opted for the study of cases as the most suitable methodology for this piece of research, since it allows for an analysis of the phenomenon under study in its real context, using multiple sources of quantitative and/or qualitative evidence simultaneously (Villarreal and Landeta, 2007).

In the words of Yin (1989), a case study is “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of evidence are used”. Likewise, Eisenhardt (1989) maintains that a contemporary case study is “a research strategy which focuses on understanding the dynamics present with single settings”.

Therefore, the selection criteria for the case under study were as follows: it had to be a co-operative of considerable importance within the olive oil sector; characterized by its good practices, specifically, in good terms with all its stakeholders; and enjoying a favourable position in the market. Thus, the selected agrarian co-operative was located in the south of Spain and complied with these selection criteria: it is ranked 593 among the 5,000 top companies in Spain, (Alimarket, 2008) and it is reputed to be the co-operative with the greatest turnover in the olive oil sector.

In order to obtain data from the different stakeholders linked to the co-operative, we made use of the qualitative technique of semi-directed open interview, because it is a technique of direct observation and involves direct contact, that is to say, a certain personal interaction between the researcher and the subject being interviewed, under controlled conditions (Ortí, 1989). In this way, our methodological approach mainly delves into the discourse analysis produced by the methodological device of this qualitative technique, since we consider it the best suited approach to analyse the influence of the variables that we have established for the

attainment of success in the management of the agrarian co-operative of our case study. We have also reviewed press articles about the company, its Web site, as well as assorted documentation such as its Annual Report and Accounts.

Results

Our present aim is to determine whether the variables that we have proposed have been or are still crucial for the attainment of success in the management of the co-operative under study through the speeches of the analyzed subjects, and consequently, to be able to apply the results obtained to other companies.

1. Compliance with co-operative principles and values

In the first place, with respect to co-operative values and principles, we must remember that its fulfillment is a key instrument to ensure the survival and the competitiveness of the co-operative company. Co-operative principles constitute a differential factor that provides certain advantages and ensure the co-operatives a more favourable starting point from which to face the challenges generated by the quick and constant changes in the environment which, in turn, affect the competitiveness of corporations (Agirre, 2001; Vargas, 1995, 1999).

Co-operative corporations represent a business reality of collective property and democratic management which aims at promoting solidarity and participation. Therefore, their management must be governed by co-operative principles, which constitute their distinctiveness and essence. In addition, compliance with these co-operative principles facilitates the generation of social capital within the co-operative corporation, which constitutes intangible assets of strategic nature that can influence the competitiveness of the organization (Marcuello and Saz, 2008).

Moreover, compliance with all the values and co-operative principles established by the International Co-operative Alliance (Manchester, 1995) has the potential to bring about business success. Additionally, we can say that deepening into and complying with co-operative principles and values actually improve the relationship among the stakeholders of the co-operative company (Marcuello and Saz, 2008).

2. Co-operative identity

Coque (2008) considers that the principle of co-operative identity becomes evident in the fact that they are participative organizations whose members

are, simultaneously, capitalists and users of the business activity. Therefore, they have a special interest in ensuring that their corporations adjust to the objectives which brought about the economic partnership.

In general, the interviews indicate that the sense of belonging showed by all stakeholders towards the co-operative is essential for the development of its business activity, for maintaining its position in the markets, and for achieving management success.

"It is necessary to make the member of a co-operative an active participant in its management, to try to get him/her involved and to engage him/her in the future of his/her corporation, the co-operative [...]"

In the case of the agrarian co-op, the object of our study, there exists a clear interest in promoting among its different stakeholders a greater involvement in the development of its co-operative activity with a view to satisfying the particular interests of all of them and, accordingly, achieving the general objectives of the co-operative.

Co-operative identity is still an effective resource to face the challenge posed by the globalization of the markets. Furthermore, this co-operative identity, with its specific principles of operation, makes possible for this type of companies to obtain a sustainable competitive advantage under the changing conditions of the environment.

3. Leadership

The development of leadership is being regarded as an essential source of competitive advantage. The main problem now is to determine a valid unit of analysis to study leadership in the co-operative context: the individual (the focus of capitalist companies) or the team (on which co-operatives insist).

The results obtained show that co-operative leadership is exerted in a shared way; the models that perceive leadership as an individualistic phenomenon are not applicable here, but those which are centered in participation. Therefore, the unit of analysis in our study, as pointed out by García Serrano (2006), is not so much the individual as the team of leaders whose combined efforts pervade the whole organization.

"I do not think that we must have a leader, it is not about a leader, but a team; I don't believe in the leader, I believe in the team [...] In addition, a leader cannot manage on his/her own, s/he must rely on a team"

4. Management ability to adapt to the needs of and changes in the environment

Following Agirre (2001) we can affirm that the co-operative must essentially be a business organization, and that business effectiveness is one of the foundations on which co-operative structure is sustained. As in the case of any other business structure, the reasons for the success or the failure of a given co-operative corporation are related to its good or bad management (Lopez et al., 2001).

We have to bear in mind that in order to manage this type of organizations it is necessary to develop management in accordance with the specific features of these companies, with committed professional managers, and adapted to the reality of the co-operative society and the globalized market where they are going to render their services (Pedrosa, 2009).

“We should not only conceive the co-operative as a group of people who have associated for their own sake, but we should also engage in professional and business-like management, as in any other business corporation, giving response to the idiosyncrasy and specific needs of the co-operative, but in the sense of having that vision, that is to say, developing good management, by professionals and then put it into practice taking into account the characteristics of the co-operative [...]”

Most of the success achieved in the agricultural co-operative studied can be attributed to the fact that, from its origins, it was conceived and managed under the same parameters operating in any other business reality.

“It is our belief that there should not be major differences with respect to business management between co-operatives and individuals”

5. Co-operative integration

In the case of Spain, the dimension acquired by the major co-operatives is still far from European co-operatives, and only in very few cases processes of concentration and integration have been initiated. However, some co-operatives are making progressive efforts to catch up with their European counterparts.

“We must raise our expectations and not be confined exclusively to our local town, or to our local trade mark, but think in global terms. And nowadays there are big European agricultural co-operatives which are years ahead of us”

The stakeholders interviewed uphold that co-

operative integration is the most adequate means for co-operatives to reach greater dimensions and acquire greater negotiation power in the olive oil market, which shows high levels of fragmentation.

6. Government policies

Governments, either national, European or international, clearly rely on a series of policies which emerge to favour the development of co-operative activity. However, the stakeholders interviewed agree to highlight a larger number of negative aspects than positive ones in this type of policies or measures adopted by Governments. The interviewees claim that even though many public subsidies are offered by Governments (national, autonomic and local), only a small fraction of them manage to crystallize economically. In addition, they regard actions taken by Governments in connection with co-operative integration as insufficient since, in their opinion, a higher number of subsidies should be granted to this end.

“[...] In broad terms, there are many promises of subsidies, but in fact they do not usually become reality in the way they should. There should be fewer promises, but those which are made should be kept”

7. Co-operative legislation

In terms of co-operative legislation in Spain, as in other European countries, the regulation of co-operatives through special legislation has been the prevailing option.

We have to add that most of the subjects interviewed agree that there is a legislative excess in the regulation of co-operatives in our country. They also insist on the negative impact of this phenomenon on the development of co-operative activity, because it clearly restricts their range of action. They affirm that co-operatives of greater dimension and with greater success in the market are usually found in countries with little or non-existent co-operative legislation such as Holland or Denmark, among others.

“There is too much legislation and we have reflected on that in many seminars; co-operatives are bigger and more developed in places where co-operative legislation is much simpler”

“[...] the legislative system turns co-operative management into a much more complicated process”

Conclusions

Spanish agrarian co-operatives endeavor to respond to the environment in which they develop their activity, trying to achieve an effective performance which enables them to become a successful business formula and to obtain competitive advantage.

Accordingly, we have suggested a model of administration, based on the theory of stakeholders, which represents organizational innovation as a strategy to cope with the needs of the environment and thus attenuate conflicts and generate value in the organization, so that its survival as well as the attainment of business success are guaranteed.

Similarly, we have extracted a series of variables that exert a positive or negative influence on the management of agricultural co-operatives and we have analyzed them on the basis of a case study with the purpose of typifying their management model so as to identify where the success of this type of entity lies.

Future research

In future pieces of research, we intend to analyze in depth the model of stakeholder management in corporations in general and more specifically in co-operatives. For this purpose, it is essential to lay special emphasis on the Theory of the Stakeholders (Freeman, 1984; Donaldson and Preston, 1995; Thompson, 1997; Mitchell et al., 1997; Johnson et al., 2006). Additionally, we expect to apply the model of stakeholder management to co-operatives with a view to verifying empirically their value creation.

In the same way, we intend to identify the stakeholders of a particular agricultural co-operative and to classify them according to variables such as power, legitimacy and urgency (Mitchell et al., 1997) and durability (Caballero, 2005); we likewise plan to analyse their inclusion within specific typologies depending on the presence or absence of these variables.

Besides, we mean to determine the interest and the power of each stakeholder with the purpose of verifying the degree of support or opposition that they could show towards a strategy implemented by the company so as to establish a responsive strategy on the part of the organization.

Therefore, in future research, the results obtained will hopefully allow the researcher to put forward a model of good management practices. It could well be used to improve management and business success in other co-operative companies.

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Strengthening the Spirit of Enterprise – The Co-operative Way

Sudha Kornginnaya

Introduction

Deepening global economic meltdown has severely hit the workforce in India and it has lost over one million jobs in sectors like gems and jewellery, garments, engineering, leather and handicrafts. To restore the financial stability, stimulus measures and rescue packages are crucial to reduce the magnitude of working poor and vulnerable unorganized labour that constitutes 92% of the workforce (The Hindu, 2009). Majority of them being women, are in hardcore poverty with multiple deprivations and without having any safety nets. At this crucial context, the co-operatives need to play a predominant and challenging role as a provider of a safety net for all those who are socially excluded, economically exploited and displaced due to the vicissitudes of the market. They must give priority to a well-conceived workable and inclusive social security strategy that can act as a buffer in times of crisis.

Need for safety net for women during crisis

The impact of the crisis also has gender dimensions. Women are poorly paid than men in the production chain and deprived of all the benefits. They are being used as instrument to address family aspirations while leaving the structures of their exploitation and subordination intact (Parthasarathy, 2007). Falling household income forces women to cut expenditure on food and education rendering their children undernourished and school dropout.

This section is marked by many handicaps like weak resource base, decrease in productivity, low literacy and social exclusion. Women during crisis suffer sexual assault and increased domestic violence. The soaring food prices and the consequent food insecurity have further deteriorated their health due to malnutrition. “Long term food security is dependent on livelihood security” (Seetha Prabhu, 2009). Provision of economic lifeline to the disadvantaged and strengthening the social cohesion is therefore paramount to empower women.

Challenging role of co-operatives

The co-operatives that fulfil both the social and economic needs of the weaker community, under any kind of economic system and political dispensation, are an appropriate system to supplement the growth strategy. Co-operation in the past was conceived “essentially as corrective to the excesses and deficiencies of capitalism” (Puri, 1979, p.62). It is all the more relevant in the present times too. Communities adversely affected by the market economy have now discerned co-operative as a safe shelter for strengthening their collective action and sustainable development than depending on the State and Market (Dash, 2007). Women in India have shown increasing trend in joining the co-operative organizations like industrial, thrift and credit, agriculture and dairy. The number of co-operatives in India and their membership speaks volumes for the reinforcement of the faith and the credibility they vouch on the co-operative sector. Establishing the socio-economic relevance during the economic downturn is therefore a formidable challenge before the co-operatives.

The crisis has offered enormous scope and opportunities for the co-operatives. Co-operative is an institution of many roles. Co-operatives can also contribute to increasing social integration and community cohesion when they specifically address the needs of the weakest and less privileged people in the society. Enrolment in health, childcare, aged care, community development and retail co-operatives creates social safety network that reduces household burden and allows women to engage in more gainful economic activities. With the democracy, development and distributive strategies co-operative can salvage the lives of millions of have-nots (Iyer, 2008).

Why people before profit?

Leaders of Business Inc. all over the globe have learnt a lesson from the economic recession that the Business Model with its eye on short-term gains has failed and it's time to return to long-term strategies of winning people. It is a wakeup call to the Business Spectrum to follow the mantra 'not

greed but right response to the needs of the people is the key to business success'. In future, the parameter to judge the competitiveness of business model may take a paradigm shift- from the generation of financial returns that enhance the stakeholders value, to the ability of business to make carbon reduction and the creation of sustainable livelihoods, an integral part of their value proposition to consumers (Daveshwar, 2009).

Co-operative is a member owned, member driven organisation formed for the development of members. It is a unique type of business model that has to address both enterprise and association needs. Co-operatives that have run on the tenets of member centrality and participatory democracy have prospered. But co-operatives that are preoccupied with the commercial success, with the total exclusion of serving the members' real need have suffered a setback in terms of identity and credibility crisis. "If co-ops neglect their associational needs, the consuming public can no longer distinguish a co-op from any other business" (Craig, 1995). Hence it is imperative for the co-operatives to revive the commitment to nurture members and co-operative ideology that are integral to strengthen the social economy.

Methodology

This study is descriptive and exploratory in nature and is based on the empirical survey conducted during 2006-2009 (April). Both primary and secondary sources of data are used in the study. Methods of data analysis and interpretation include descriptive statistics such as percentages, averages, and deterministic statistical tools (statistical inferences) of correlation, regression analysis and non parametric statistics. The study is confined to the primary co-operatives working in different sectors in five different States in India. Multi stage stratified random sampling is used for selection of area, sectors and units.

Objectives:

1. To give the overview of the activities initiated for the economic self-reliance of women in the primary co-operatives in India.
2. To analyze the perception of the women members on the livelihood generation and women empowerment.
3. To suggest measures for sustainable development of women.

Overview of the activities initiated for the economic self-reliance of women in the primary co-operatives in India.

The co-operatives have helped women organize and mobilize for joint action and achieve better bargaining power as buyers and sellers in the market place. One success story of such collective action is the Dairy Village Co-operatives in our country. They are organized into State-level Marketing Federations covering nearly 101,000 village level societies and are owned by nearly 11 million members. This shows that *People before Profit* was the cornerstone of co-operative model in the past and will ever remain so in the future, no matter how so ever the economy changes. There are no instances of closure of co-operatives in India due to ripple effect of global financial crisis. In fact some co-operatives like Saraswat Co-operative Bank in the State of Maharashtra has already acquired seven co-operative banks and is currently having 179 branches across six states in India.

Started in 1959 by seven semi-literate women, with a modest loan of Rs 80, today, Sri Mahila Griha Udyog Lijjat Papad(SMGULP) is a proud women's worker co-operative family of over 40000 women members across 67 branches and 35 Divisions in different States across India. Lijjat has achieved annual sales of over Rs.3.01 billion. Export alone account for Rs 100 million. It is a successful business model that values people and provide a source of livelihood and dignity to women through self-employment. It helps women who are not encouraged to work outside their homes, to contribute to their household family income. Members earn around \$50-60 a month for roughly 6 hours of work a day from home. Any woman who pledges to adopt the institution's values and who has respect for quality can become a member and co-owner of the organization. Quality is the Unique Selling Proposition of Lijjat. Hence members are trained to produce quality papads (snack). Valuing people and understanding their problem has created for Lijjat a sound and sustainable business model. Profits are shared equally among members and members are committed to co-operative values, institutional vision, shared destiny and democratic set up that led them towards the path of progress (Jyoti Naik, 2005).

The Self-employed Women's Association (SEWA) in India, formed specifically to address the needs of the weakest and less privileged people in the society, serves some 500,000 women through various co-operatives providing services such as doorstep banking, rural production, health and childcare (Bibby and Shaw, 2005). SEWA's integrated insurance schemes

provides one of the largest contributory social security schemes in the country for informal workers, with insurance coverage for 32,000 women workers. Thus it creates both social safety network and gainful economic activities for many women.

Following are the glimpses of the activities initiated by the surveyed co-operatives towards the self-reliance of women members:

Handattu, Karkada, Kanyadi and Idkidu Milk Producers' Women Co-operatives in the State of Karnataka and Warana Sahakari Dudh Utpadak Prakriya Sangh Limited in the State of Maharashtra have been the catalyst in the rural transformation and successful in flooding the white revolution in their area. Women members are given capacity building inputs reflecting on their socio-economic development. They include: numerous dairy extension activities conducted under Women's Dairy Co-operative Leadership Programme (WDCLP) and Support to Training and Employment for Women Programme (STEP) of the Dairy Federation – National Dairy Development Board and the Government. Besides the basic dairy input services, activities like managerial competence building, clean dairying, training in account keeping, calf exhibition and rally, study visits, health care, legal awareness, green fodder production and nutrition, self-help groups and other socio-economic initiatives have immensely helped women not only to visualize and but also to realize their sustainable development. Besides helping them to create asset and steady income, it has enhanced the self-image and self-confidence and empowered them to gain political presence in local government too.

The growth of microcredit and micro finance services offered by co-operatives have had significant success in encouraging voluntary savings and empowering poor women to fully realize their productive potential where traditional banks or insurance services are beyond the reach of many. Access to credit along with decision making and competence enhancement measures have helped them to venture into self-employment and other business activities resulting in their financial independence. Besides, it has given them space for articulation, self confidence and participation. Navodaya Self-help Groups (SHG) initiated by South Canara District Co-operative Bank have made commendable strides in the micro finance in Mangalore region in the State of Karnataka.

Dinesh Beedies Workers' Co-operative in Kerala is the epitome of women empowerment in a real sense. Hitherto they were providing economic shelter to the

weak and marginalized women through beedi rolling (rolled cigarettes). But now they have diversified their products to food after the decline in demand for the beedies due to ban on the smoking imposed by the Government. The 40,000 employees, 80 percent of them being women, were retained to produce processed food instead of rolling beedies. In addition, the co-operative has also diversified into integrated circuit technology with the launch of a research and software development centre (UN Report, 2003; Sudha, 2003). Training activities, education and need fulfilment programmes conducted at Dinesh Beedies Workers Co-operative in Kerala have helped women members to fine tune their skills required in both administration and governance of their own organization.

Entrepreneurship through co-operatives is recognized as an important strategy for addressing the issues of poverty alleviation. Co-operatives are viable and reliable alternative which encourages women to enter into entrepreneurial activities as they organize women within an institutional structure that gives them access to the national, economic, political and social systems (Dash, 2007). Fishery Co-operatives, Industrial co-operatives, Thrift and Credit Societies run by women have signified capability of women as entrepreneurs. The Jawahar Mahila Co-operative Spinning Mill, Shetkari Mahila Co-operative Spinning Mill in Maharashtra, and Malda Women Co-operatives in West Bengal are some of the success stories of Women Entrepreneurship in the co-operative domain. For every member in Malda Women Co-operatives – 'Work is worship'. With no formal education and a poor financial background women found no job in the village for their sustenance. They organised into co-operative and started to collect mulberry leaves, which were then supplied to the silk textile centres in the city through middlemen. Now they own their own logistics, production unit and marketing outlets for the silk garments. It is a shining example for co-operative governance.

Some urban co-operative banks at Sangli, Solapur, Kolhapur and Pune in the State of Maharashtra have adhered to the co-operative principles and attached greater importance to women empowerment. They have been instrumental in empowering their members through the creation of jobs of the nature of manufacturing, trading and service. Member education, entrepreneurship guidance and member communication are some of key initiatives that have perpetuated the enterprising spirit among them.

The perception of the women members on the livelihood generation and women empowerment

Different strategies having a bearing on the economic empowerment of women were devised in the study. They are: 1. Skill Upgradation (SU), consists of the training efforts towards improving the skill and expertise in the respective vocation like dairying, farming, banking etc; 2. Need fulfillment (NF) activities are those that respond to varying and demanding needs of the members, which are beyond their rudimentary commercial or conventional business activities; 3. Self employment Avenues (SEA), as the name specifies, are those endeavours resulting in their self employment and socio-economic security.

Perception on the extent of utility derived

Perception varies in relation to persons, activities attended and the degree of satisfaction obtained. Hence an attempt was made to assess the same by asking the respondents to indicate their perceived level of utility in respect of each of the activities attended, by using a four-point scale – very great extent, great extent, some extent and little extent. Weights of 4, 3, 2, 1 are assigned correspondingly to the above scale and total scores are summed up, which was ranging between 0-28. For a meaningful analysis, the total range of scores was split into four categories as given below, reflecting the levels of perceived utility of WE (Women Empowerment) initiatives: 0-7: Little Extent; 7-14: Some Extent; 14-21: Great extent; 21-28: Very Great Extent. Relevant data are tabulated and presented in the Table 1.0.

As is evident from the Table 1.0, mean value is 3.03, which indicates perception of the respondent members falls in the range of 'great extent'. That is,

majority of the participant members (83%) have acknowledged to have gained maximum utility from the WE initiatives, 11% of the members were on the affirmative. Only a meager of 6% of the members perceived minimum utility due to the dearth of adequate opportunities, depriving them of enjoying the benefits to the fullest extent. "Experience and study, study and experience are the most reliable procedures for personal growth in cooperation" (Bogardus, 1952,p.50). Perceptions being the reflection of experiences, the most prominent responses collected in the field survey are explained here:

It is found that 61% of the total participant members, who had availed good exposures to the skill up gradation activities, have expressed the immeasurable benefits gained from them. Their participation reflects in their action, awareness, thrust and innovation that have helped them to react positively to the changing events (Tattisar, Hulgol PACs in the State of Karnataka, The Mulukanoor co-operative Rural Bank in Andhra Pradesh and Warana Sugar Co-operative Industry in Maharashtra). They have stated that the induction of new technology and know-how gained through demonstration and workshops have increased their adoption attitude and confidently motivated them. The farmer respondents have brought their cultivable land under irrigation, changed their cropping pattern from the food crops to the cash crops. They have adopted improved agricultural practices like organic manure, management of soils and proper use of pesticides. The women members have affirmed that all this has impacted on their efficiency and led to the manifold increase in production, marketable surplus and income.

Table 1.0. Members' perception about utility of WE initiatives

Extent of Utility	Weights	No. of Members	Percentage of Members
Very Great Extent	4	79	26.00
Great Extent	3	173	57.00
Some Extent	2	34	11.00
Little Extent	1	18	6.00
Total		304	100.00

Mean=3.03

Source: Survey Data

Women entrepreneur members (5.26%) of the Bhagini Nivedita Sahakari Bank of Pune owe their success to the entrepreneurship development programmes and exhibition conducted at their Bank. Expressing gratitude to the Bank, they said that such programmes provide a common platform to exhibit their products, along with the twin benefits of earning income and publicity. Few disadvantaged members (29%) of the banking co-operatives were glad about the increased awareness of banking functions and the service facilities, gained through workshops, as they were ignorant of the same. Today, it lets a large number of women to earn their livelihood. Members run micro enterprises like catering institutes, screen printing, computer institutes, provide homemade meals or handle milk supply contracts.

A fourth of Producer/Worker women members felt that they have enhanced stress-free productivity, unleashing enduring influence on the work environment. The producer members of Honey Bee Keepers' Society at Puttur in the State of Karnataka, The Loknath Weavers' Industrial Co-op Society and

Dinesh Beedies in the State of Kerala, Dairy Societies in all the States have discerned the importance of skill upgradation workshops and training imparted to them that impacted positively on the asset creation, employment generation and economic development. Members of the above units laud the need fulfillment activities in terms of marketing linkages, that provided them perennial income to sustain their life. Respondent members also expressed their allegiance to the society and are proud of their organization that has won them many laurels and trade space in national and international markets. It should be realized that winning member customers, who are the scarcest resources, is very crucial for the co-operatives in the current volatile economic scenario. It is in this context, WE activities are paramount to retain and expand membership base and survive the competition.

The members (35%) belonging to the underprivileged class (Kanyady and Soorinje Dairy units, Idkidu, Dharmasthala PACs in the State of Karnataka, Mulukanoor co-operative Rural Bank and Marketing Society Ltd, in the State of Andhra Pradesh),

Perception on the specific benefit obtained

Table 2.0 Perception on the specific benefit obtained

Benefits / Sectors	Attributes	Agri. Credit (56)	Dairy (48)	Women MPS (48)	LAMPS (40)	Prod/Mktg (48)	Bkg. (40)	Fisheries (24)	Total (304)
	Skill enhancement	43 (76.78)	46 (95.83)	36 (75.00)	32 (80.00)	42 (85.50)	31 (77.50)	20 (83.33)	250 (82.23)
	Self employment	25 (44.64)	48 (100.00)	18 (37.50)	25 (62.50)	30 (62.50)	25 (62.50)	24 (100.00)	195 (64.14)
Economic Empowerment	Poverty alleviation	28 (50.00)	44 (91.66)	22 (45.83)	21 (52.50)	30 (62.50)	28 (70.00)	20 (83.33)	193 (63.48)
	Access to productive resources	22 (39.28)	28 (58.33)	22 (45.83)	18 (45.00)	21 (43.75)	24 (60.00)	18 (75.00)	153 (50.32)
	Fulfilment of need	30 (53.57)	40 (83.33)	28 (58.33)	26 (65.00)	32 (66.67)	28 (70.00)	12 (50.00)	196 (64.47)

Note : 1). Figures in Total column indicates total of the each row

2) Values in parenthesis in each cell denote percentage to total number in each sector.

3) LAMPS-Large Adivasis Multi-purpose Societies(Coop for Tribal)

Source: Survey Data

who otherwise had inferior feelings, felt that they are confident enough to express their needs and attend any co-operative activities. These members have very strong allegiance towards their own societies for they have secured livelihood means and social status through their membership.

Poor and illiterate members of Women Thrift co-operatives at Mulukanoor in the State of Andhra Pradesh opined that their exposure to deliberations that covers issues like livelihood, gender dimensions, right to information, governance and transparency have helped to build their capacity and confidence. This is very paramount to brace the challenges in agriculture and self-employment activities in a remote and dry rural areas like that of Mulukanoor.

Landless and rural based women members of Potters' Cottage Industrial Co-operative in Puttur in the State of Karnataka owe their success to the training in modern terracotta and the art of pottery making imparted by their Co-operative, which is at the stage of extinction in the region. It is a taboo for the women to work on the potter's wheel as it is the exclusive prerogative of the male members of their community. Thus under the enlightened guidance of the training programme of the co-operative, women have broken the traditional, cultural barrier and mindset. Thus they excelled in the artisan skill leading to the creation of livelihood opportunities for them and good profit for the organisation.

From Table 2.0 percentage of members deriving benefits were found more in the units of Dairy, Agriculture Credit and Fisheries and Producer/Mktg sectors. Members seem to have gained more from the skill upgradation activities followed by the need fulfilment initiatives. It is also encouraging to note that co-operatives have proved succour to the needy by providing self-employment avenues helping them to alleviate poverty. It was found during the study that economic empowerment for the women conferred higher social status and identity reflecting on their emotional and physical health. 64% of women members (Producers/Mktg sectors, Banking, Fisheries, PACs, and all Dairy units) in the sample survey have shown more interest in attending self-employment training workshops. This has not only instilled the required skill needed to take up micro enterprises but also helped in investment generation and asset creation. The tailoring classes, incense stick making, handicraft items, production of consumer products, conducted by some units in Agricultural Credit (Dharmasthala, and Idkidu PACs, in the State of Karnataka), Producer/Mkg (Dinesh Beedies in

Kerala, MCRB in Andhra Pradesh) and training for SHG (Kanyadi dairy unit, Bajpe PACs, Puttur and Sullia MPS in Karnataka), have provided gainful economic lifelines. But the networking in marketing is wanting to provide the steady income. Some studies also have shown that increased earning power for women has a much more positive impact on family welfare than the increased earning power for men (Mohini Giri, 2003).

Womens Empowerment

"The concept of empowerment lies in the fact that women should be perceived as producers and participants, not merely clients for welfare"(Alka Srivastava, 2003, p.1). It is in this direction, access to productive resources and fulfilment of needs of members in terms of micro credit, infrastructure facilities, marketing acumen to market the produced products (Belthangady Rubber Growers Marketing and Processing Coop, Ujire and Potters Cottage co-operative in Karnataka, MCRB in Andhra Pradesh, Warana Sugar co-operatives in Maharashtra) as well as diversified services, provision of cooking gas, public distribution services, health services and construction materials for the house (Punacha, Tattisar, Idkidu PACs in Karnataka) paved a long way in poverty reduction and equitable development of women. The need fulfilment programme have helped women in involving income generating activities, whereby women have demonstrated that investment in women's economic power enhances their standing, their families' health and the prosperity of their communities(Mohini Giri, 2003).

Jawaharlal Nehru has rightly said "cooperation generally is a matter of training" (Dwivedi, 1982, p.26). The study found that training activities to enhance skill have transformed members to adopt improved means, technique and cost cutting modalities in their respective vocation needed to brace the challenges of competition in the era of globalisation. Some of the members commend the institutional credit coupled with motivational strategies that has acted as a lubricant for agriculture. Majority of the women farmer members, who have considered agriculture as non viable profession, have started regaining confidence in farming activities along with other allied activities.

Fisher women members assert that political role of women is vital to fulfil welfare and infrastructural needs, which is of prime necessity in their co-operative. Thus majority of the members who have got exposed directly or indirectly to WE initiatives, frequently or infrequently, have expressed equivocally

that such initiatives are very helpful in realising functional, social, economic and political democracy—the edifice of the co-operative concept. If the provision of credit has brought the members under financial inclusion, the initiation of WE activities have bestowed both social inclusion and development inclusion.

Conclusions and recommendations

The following tentative conclusions and recommendations arise out of the study undertaken so far may be worth considering given the need for effective economic empowerment of women at the level of primary co-operatives:

1. Every primary co-operative should take the onus of empowerment of women members in letter and spirit. The focus of the management should be on conducting initiatives towards the purpose that would complement the efforts of the Apex organization. Hence the top down approach that is in vogue today needs reorientation and reorganisation.
2. The Strategies devised in this study may be used by all the primary co-operatives for the development of women members. Beside the support of National Co-operative Union of India (NCUI) and the sectoral federations, the guidance of NGOs, co-operators, academicians, Government agencies and the HRD experts may also be availed for the effective execution of development strategies at the primary co-operatives.
3. Absence of well-defined policies for the generation of work opportunities in times of crisis is the main reason for the lack of focus on women empowerment in primary co-operatives. Like National Rural Employment Guarantee Drive, development of women must become a policy matter for all the primary co-operatives. It is nevertheless the task of the NCUI to set the well-defined policy and guidelines for the same.
4. Lack of awareness and member participation reflecting on their apathy is the common problem of every co-operative. Majority of the women members join co-operatives out of external compulsion or to avail loans and services. To counter this grave problem, regular activities should be conducted for member education, training, and livelihood activities along with the various strategies devised for the development of women. Qualitative and quantitative programmes are imperative to ensure women empowerment, which is the need of the hour.

5. Co-operatives should become community co-operative by diversifying their business services that help women members get opportunity to work and avail all essential services under one co-operative roof. This helps them to integrate development initiatives into their business operation required for strengthening the co-operative community. Support of the Government and the Co-operative Department is paramount towards the cause.

In a fast globalizing world order, burdened with the financial crisis, there is an even greater challenge for the co-operatives to increase their effectiveness and improve their competitiveness by fine tuning the core competencies needed to weather the crisis. Being the pro-poor institution, their main focus should be on the growth with equity. The values, principles, role and relevance of co-operatives – all prove that they are fitting institutions for inclusive growth and for making growth strategy approachable for the millions of underserved women masses. To make it a reality, it is time for the co-operatives to take a daunting task of transformation of marginalised women into empowered and enlightened women. This indeed necessitates the co-operative sector to initiate economic programmes and reconcile social policy aiming at holistic development of women with the development agenda of the Nation. They are apt institutions and have potential to strengthen the spirit of enterprise among women that reinforce co-operative way of life. They can create micro enterprises, as is done through SHG concept. Only then a large portion of the world's poorest people living in India, under the co-operative fold will find a sustained development and enjoy the sunshine of rising India.

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Health Care Co-operatives as a contribution to the health care System in Ethiopia. A feasibility study

M.Karthikeyan and Bekele Tassew

Introduction

In the Ethiopian context many types of “Co-operative” are known and popularized in a very conventional manner, for example: SACCOs, Multipurpose Co-ops, Consumers Co-ops, housing Co-ops. Thus the types of co-operative are very diverse and include a wide range of activities. Therefore, there are ample experiences and opportunities to expand our own horizons to bring about co-operatives as a means to serve the interest and problems of ordinary citizens. It is, in light of such possible directions that a new vision to associate co-operative societies and its principles to the health care situations of our society with its rich diversity of communities has developed.

Governments in many regions are hoping as never before to introduce new models and approaches or mechanisms for the deliveries of health care that is socially acceptable and effective. In Ethiopian context, it is seen as a key government objective supported by the Africa WHO and ILO to consider community participation in all forms of health care activities both in rural and urban areas. For example; it is quite common to hear and see community based health related involvement in areas like HIV/AIDs, malaria prevention; in basic sanitary activities at house hold & community levels, etc. Our research suggests that there is quite an encouraging response so far with respect to community involvement in health care activities. However, the question of sustainability is a major issue and has to be addressed.

Similar experiences can be observed and identified in some developed and most developing countries. Live examples can be mentioned from Canada, Spain, India, Benin, Uganda and Kenya where health co-operative options are being actively pursued. The idea of health care co-operatives is not new. The International experiences may go back to the year 1940, when Medical Doctors and other professionals started writing (For Example: Jacques Tremblay, a young doctor) in Quebec City, Canada, a number of Articles and delivering lectures on issues related to Health Care Co-operative.

In African context, and specifically in Ethiopia, some societies in some regions certainly are without basic health and long-term care services. Awareness and sensitization activities about basic health care could be far distant to these and some communities. To obtain some of the available services, people had to travel over roads that were treacherous, especially during the long rainy months. In some situations, there is no reliable and consistent health service. Consequently, senior citizens and professionals had to leave the region because there were no reliable & consistent health services near to their homes and villages.

A form of community venture that would enable people to obtain a relatively high quality & dependable health services therefore had to be promoted through a new health care model, where by the community can manage and control through the support from health professionals and stakeholders. One of those models is the co-operative. Therefore, we can name this model as a “Healthcare Co-operative”. It is, of course, the co-operative principles and values, which governs the entire activities of the new model called “Health Care Co-operatives”. People should organize, banded together and control the service to provide the most essential services to their own members and the wider community. Different approaches may be employed for the realization of such a vision.

Co-operative “Primary Health Centers” could be formed to serve special needs groups such as women, childcare, nutrition and for those with disabilities. Where there is a need for pharmacies and ambulance services are considered to be the best options and alternatives to the societies and communities to initiate and to form such centers. Many other examples could be cited to demonstrate the potential of the co-operative approach in health care services both in rural and urban settings.

The Ethiopian co-operative movement needs to broaden the scope of co-operatives and should be adopting a vision of the organization of health care, a vision it hopes to share with as many people as possible. A vision is essential if one is to fully grasp the issues that come into play in creating health care co-operatives in Ethiopia. The model “Health Care Co-operative” project:

- holds the view that application of the co-operative formula in delivering health services must not be driven by market considerations, but must endeavor to meet the needs of users, with respect for and recognition of the contribution of health care professionals;
- views the creation of health care co-operatives as a way of responding to the wishes of the public and not as a way of questioning the relevance of the government's role in this area; health care co-operatives would give the public better access to and control over health services and would foster partnerships with public agencies;
- hopes to share with other social players its vision of the organization of the health care system.

Therefore, this project is so unique and it is also the first of its kind in Ethiopian context to discuss about possible avenues to start a new approach where by co-operatives societies can be used as the bases to provide the most need health care services to their own members. Last year (April 24th 2009) we organized a one day workshop to discuss and share experiences about the relevance of "Healthcare Co-operatives", within the Ethiopian context, and the roles they play in facilitating the required health services and hence, the contention of the Workshop was make use of the experiences as an input for the development and implementation of the feasibility study. Therefore, such inputs from the workshop participants and stakeholders helped to harness and shape the pilot (during July 2009) and feasibility study (during September and October). *This paper focuses on the feasibility study report, which gives a strong positive signal to establish a Health Care Co-operative in Ambo Town, which if successful will be the first of its kind in Ethiopia.*

Methodology

Co-op Africa, in its ventures has introduced a new concept – innovative co-operatives – for the member beneficiary countries. According to this concept fund is provided to undertake feasibility studies for innovative type of co-operatives that do not exist in a member beneficiary country. Such feasibility studies on innovative co-operatives are expected to explore the scope of organizing such co-operatives on pilot basis and later on, on popular basis all over the country. The Department of Co-operatives, Ambo University was given the opportunity to undertake a feasibility study to establish a Health Care Co-operative. The stakeholders for such co-operatives

will be the member beneficiaries, professionals, bureau officials, academicians and students.

For the students' community, such co-operatives will become laboratories for their practical attachment programs. The pilot study is already undertaken on a small scale having a small size of sample. Based on the pilot report, slight modification and proper alterations were made in the tools for data collection for conducting feasibility study. The objectives of the feasibility study are as follows:

1. To identify the health problems in the study area;
2. To understand the health services provided by government and private hospitals; and
3. To study the health awareness and explore the attitudes towards establishing a Health Care Co-operative in Ambo Woreda.

Materials and methods

Survey method has been followed for this study. Primary data have been collected from three different sources namely, from the common people, from the Key Informants and from a Focus Group. For this purpose the following three different types of tools of data collection have been prepared:

1. A questionnaire for the common people.
2. A checklist for the Key Informants.
3. A checklist for the participants of Focus Group.

The population list was collected from the Kebele² office and data have been collected by the PG students with the supervision of the staff of the Department of Co-operatives. Before the data collection they were given orientation for one day. Later the outreach and research team of the Department of Co-operatives of Ambo University have monitored their works.

Sampling

A total of 300 (data collected from 298) respondents were selected randomly from three Kebeles of Ambo Woreda. Such sample consists of men, women, working class people, and educated and uneducated people. With regard to the Key Informants 5 individuals were selected from the list of officials, who were consisting of officials from Health Bureau, Health Department, Co-operative Promotion Bureau and doctors.

Health sector – status of zone and Ambo town

This section dovetails the details of health facility, health personnel involved in health sector, the health facility population ratio and the like. This will give us a clear picture of the health sector and finding a gap in health sector in the zone as also in Ambo town. According to the Population projection of the Central Statistical Authority (CSA) based on the 2007 population and Housing census, the following are the statistics:

⇒ Total population	59037
⇒ Under one year	1948
⇒ Under three year	4132
⇒ Under five year	10154
⇒ Reproductive age group	13755
⇒ Pregnant women	1948
⇒ Less than 15 years	28337
⇒ Number of Kebeles	3
⇒ Average House hold size	4.8

The following tables depict a clear picture on health facility to population ratio, health workers to population ratio, health facility to population ratio in comparison with the national standard for 2001.

From the three tables below it can be observed that the health facility to population ratio and health workers to population ratio at zonal and district level are not up to the mark. The comparison of health facility to population ratio with national standard, shows a vast difference. There is vast scope for intervention in these areas. The proposed health care co-operative can have more opportunities for intervention in these areas of health sector.

Findings

The feasibility study has been undertaken in three sample Kebeles among 298 respondents. Information regarding health and sanitation problems, health awareness among respondents, organizations working for health field, co-operative awareness, respondents' opinion on starting a health care co-operative in Ambo Woreda. The following are the findings including the results of FGD and KIIs:

- Majority of the respondents (53.4%) are under the middle age group. The young age group and old age group are more or less remain the same.
- 70.8% of respondents male and 29.2 % where female.
- 37.9 percent of them have education higher secondary and above followed by secondary (30.2%). The respondents with primary level education are 22.5 percent and the remaining 9.4 are illiterate.
- Majority (79.2%) of the respondents are married.
- Out of total respondents, 147 (49.3%) are coming under the category of small size family (2-4 persons); 123 (41.3) are coming under medium size family; and the rest (9.4%) are coming under big size family.
- Majority of them (37.2 %) are government employees followed by self-employed (28.2%).
- 26.8 percent respondents have 1 – 10 years of experience, followed by 25.5 percent have experience of 11 to 20 years. Inexperienced respondents form only 16.8 percent.
- A vast majority (98.3%) of the respondents do not have subsidiary occupation, which is insignificant.

Table1. Zonal and District (Ambo) level health facility to Population ratio – 2001(EC)

Health facility	Zonal		Ambo Town	
	Number	Ratio	Number	Ratio
Hospital	2	1: 1102106	–	–
Health Centers	30	1: 73473	1	1: 59037
Clinics	16	1: 137763	1	1: 59037
Health Posts	266	1: 8286	2	1: 29518
Private clinics	113	-	14	-
Rural Drug Vendor	55	-	7	-

Source: Zonal Health Office, Ambo.

Table 2 Health Workers to Population ratio – Zonal and District (Ambo Town) level 2001(EC)

Health facility	Zonal		Ambo Town	
	Number	Ratio	Number	Ratio
Doctors	6	1: 367368	–	–
Health Officers	59	1: 37359	3	1: 19678
Nurses of all types	295	1: 7471	16	1: 3689
Health Extn Workers	1086	1: 2029	–	–

Source: Zonal Health Office, Ambo.

Table 3 Health facility to Population ratio in comparison with the National Standard Zonal and District (Ambo Town) 2001(EC)

Health facility	Zonal		Ambo Town	
	Ratio	National Std	Ratio	National Std
Zone Hospital	1: 2204213	1: 1,000,000	–	1: 1,000,000
District hospital	1: 1102106	1: 250,000	–	1: 250,000
Health Centers	1: 73473	1: 25,000	1: 59037	1: 25,000
Health Station	1: 137763113	1: 10,000	1: 59037	1: 10,000
Health Posts	1: 8286	1: 5,000	2: 3	1: 1

Source: Zonal Health Office, Ambo.

- The highest percentage (31.9%) of respondents have a monthly income between 100 to 500 Birr, followed by the income category of 500 to 1000 formed by 29.5 percent of the respondents, and only 10.4 percent have an income above 2001 Birr.
- A vast majority (87.6) of the respondents do not own land as they have other occupations. Among others only 1.7 percent have land of more than 3.51 hectares; 6 percent between 1-3.5 hectares; and 4.7 percent have land below 1 hectare.
- Majority of the respondents are dissatisfied with the health condition in their area (10.1 strongly dissatisfied and 47.7 dissatisfied).
- Majority they know about prevalence of malaria (60.4%) and HIV/AIDS (61.1%). The diseases like common cold, typhoid and internal parasite, pointed by the KIs, can supplement this. The respondents also reported that there are non-communicable diseases like malnutrition (29.6% of the respondents), and cancer (15.8% of the respondents).
- 249 (83.6%) of the respondents have not met anyone affected by uncommon diseases while only 16.4 percent of the respondents have met such patients.
- The affirmative response was given by only 10.0 percent of the respondents about non-communicable diseases affected any of their family members.
- 38.9 percent of the respondents gave the opinion that communicable diseases spread during rainy season, while 34.9 percent opined that communicable diseases spread during dry season; the rest 27.2 percent do not know the season when the communicable diseases spread.
- Majority of the respondents (85.7%) reported that they have hospitals around their area. 79.4 percent gave the opinion that both private and public hospitals are available around their area.
- For 13.4 percent of the respondents the distance to the public hospital is at walkable distance, which is below 0.5 kms. For 51.4 percent of the

respondents the distance is between 0.5 – 2 kms; and for the remaining 35.2 percent the distance is 2-3 kms.

- For 36.9 percent of the respondents the distance is walkable, which is below 0.5 kms; for 39.6 percent of the respondents it is 0.5 – 2 kms; and for the remaining 23.5 percent respondents it is between 2 to 3 kms.
- Only 2.4 percent of the respondents have high accessibility to the health personnel in government hospital, which is insignificant. The majority of the respondents (51.0%) have moderate accessibility whereas 46.6 percent have low level of accessibility. The KIs as well as the members of the Focus group are also not satisfied with the accessibility in government hospitals.
- 17.4 percent of the respondents have high accessibility to health personnel in private hospital; 44.4 percent have moderate access; and 23.8 percent respondents have low accessibility in private hospitals.
- Even in government hospitals the patients have to pay an amount as charge. Such amount is nominal and varies from case to case. 27.9 percent of the respondents paid one time amount and the remaining 67.8 percent paid on each visit. The rest 13 (4.3%) reported that they do not know the payment system in government hospital.
- 26.2 percent of the respondents reported that the payment is one time payment and according to 56.4 percent it is on each visit; and 52 (17.4%) said that they do not know the payment system.
- Majority (70.8%) of the respondents felt that there is no ambulance facility in government hospitals. Only 21.8 percent felt that there is ambulance facility in government hospitals; and 7.4 percent of the respondents do not know that there is ambulance facility. Private hospitals are also expected to have ambulance vehicles, but as it involves additional cost many of them may not go for it. Only 1.3 percent of the respondents felt that there is ambulance facility in private hospitals; 81.2 percent said there is no such facility.
- If there is ambulance facility, the respondents reported that they went for ambulance through telephone and sometimes through specific ambulance dialing codes. If such facility is not available, they go for taxi (91.9%) or public transport or other modes. The cost of transportation is ranging from 2 to 100 birr.
- 36.6 percent felt that poor drainage as the major hygienic problem, another 36.6 percent felt that poor road is the problem and 6.7 percent felt water logging as a hygienic problem in this area. No response was given by 64 (21.5%) respondents. There is a vast scope for the proposed health care co-operative to work on these issues.
- 27.2 percent of the respondents felt that children were affected by such sanitation problem, 45.3 percent were of the opinion that infants were affected, and 4 (1.4%) and 11 (3.7%) were of the opinion that adult and old age people above 60 years were affected respectively.
- For the facility emergency ward 89.3 percent of the respondents felt that there is availability of this facility, 92.3 percent felt that there is outpatient ward facility in government hospitals, 88.2 percent felt that there is in-patient ward facility, 69.5 percent gave the opinion that government hospitals in this area have operation facility, only 25.8 percent opinioned that government hospitals have adequate equipments, and 78.9 percent felt that laboratory facilities are available in government hospitals. With regard to ICU, medicine, blood bank and scanning they felt that there is less availability. KIs have pointed that government hospitals are less costly than private hospitals. But services are better in private hospitals as they charge higher.
- 59.1 percent felt that there is emergency ward in private hospitals, 83.9 percent gave the answer that outpatient wards are available in private hospitals, only 21.8 percent felt that operation facilities are available in private hospitals. Private hospitals have adequate medicines (51.0% respondents felt), equipments (33.2% respondents felt) and higher level of laboratory facilities (69.2% respondents felt).
- The respondents reported that there is to some extent the special wards are available for eye (30.2% respondents felt) and bone fracture (18.5% respondents felt).
- In private hospitals the special wards facility is insignificant as reported by the respondents. The fee collected for these facilities may be more could be the reason for such response.
- In government hospitals, for diagnosis, according to 57.0 percent of the respondents, the fees collected is moderate, for prescription, according to 57.4 percent it is moderate, for minor injuries the fees collected is moderate for 59.4 percent of

them, and for special ailments, according to 62.1 percent of the respondents the fee collected in government hospitals is moderate. For bone fracture the fee collected is high felt by 41.0 percent of the respondents.

- Among total respondents 92.3 percent of the respondents felt that the fees collected for diagnosis in private hospitals is high, for prescriptions also the fee is high. The same was reported by the respondents in the case of minor injuries and bone fracture.
- Various health agencies, both government as well as non-governmental organizations are attending health and sanitation problems around the city. The Kebele Administrative Office (44.0% respondents felt) and community leaders (41.3% respondents felt) are attending health and sanitation problems in this area.
- Different agencies, both governmental and non-governmental organizations, are engaged in preventive measures like inoculation, pest spraying, regular environment cleaning, and waste management to reduce health and sanitation problems in the study area. Almost all the measures are undertaken mostly by the governmental agencies like health posts, health center, kebele and woreda administrative offices, and by community leaders as reported by the respondents. The majority of the respondents do not know about these preventive measures and who and which organization is undertaking these measures.
- A vast majority of the respondents do not have membership in any co-operative. The membership in agricultural, SACCOs, and consumer co-operative is insignificant. The highest number of respondents (66.7%) has the duration of less than 5 years as membership in co-operatives. The highest number of respondents has (52.4%) share capital above Birr 301. Majority of the respondents who are members of different co-operatives do not have knowledge on co-operative principles, organizing co-operatives, byelaws, co-operative proclamation and election of management committee members.
- Regarding the relevance of a health co-operative to Ambo, vast majority (92.6%) of the respondents gave affirmative opinion. This shows that the respondents welcome such a health co-operative in this area. The KIs as well as the members of the Focus Group assured good turn of membership.

- The respondents were asked about the contribution of capital, participation in the management, and patronizing business of proposed health care co-operative. Majority 85.2 percent, 78.2 percent and 83.2 percent of the respondents are ready and they promised to contribute capital, participate in the management and patronize business of the proposed health care co-operatives respectively.
- Finally the respondents were asked about the location of the proposed health co-operative. 39.6 percent preferred to have it in Ambo university premises, 56.4 percent preferred to house it in other location.

Conclusion

Ambo City is the capital of West Shoa Zone and is a fast growing city. The city has both private and government hospitals. They are very much nearer to the citizens of the city, but slightly difficult for the surrounding villagers. Government hospitals have adequate facilities but they lack manpower and adequate medicines. The fees collected by the government hospitals are reasonable, but the services provided are poor. On the other hand the private hospitals, though poorly equipped than government hospitals, are approachable and the charges are higher. So a gap exists between the private and government hospitals,

Ambo city has communicable as well as non-communicable diseases. Very less attention is taken by the municipality to keep the environment clean. Disease prevention measures and waste management systems are not up to the expected level of the citizens. No health survey worth in name has been undertaken. Voluntary organizations do not make any presence in health care. So to fill the gap in health services and to provide health care the need to form a Health Co-operative is felt. Good response comes from all sections of the population for this proposal. Citizens are ready to become members, contribute to the capital and participate in the management. In locating the proposed co-operative in the premises of Ambo University, consultation and consensus are needed.

Recommendations

The following points can be considered as recommendations to establish a health care co-operative in Ambo town.

- The proposed health care co-operative may concentrate on providing special wards facilities at a reasonable cost to members and public.
- By observing the situation regarding facilities, special wards and fee collected by government hospital and private hospitals, there is a scope for organizing a health care co-operative, which can provide all these services at a cheaper cost to the members and public.
- The proposed health care co-operative may fill the gap by organizing awareness campaigns on these measures to reduce health and sanitation problems in the study area.
- The membership in agricultural, SACCOs, and consumer co-operative is insignificant. So the proposed health care co-operative should go for serious membership drive through campaigns. Health awareness campaigns, and other awareness programs on co-operatives and their benefits, and health services may be organized to attract more members.
- The membership without any orientation, member education and training on different aspects of co-operatives may be the reason for this situation. The proposed health co-operative must take certain measures like member education and training on the basic aspects of co-operatives apart from health awareness program. The would be members of the proposed health care co-operative should know at least the basics of co-operatives before joining as members.
- Regarding the relevance of a health care co-operative to Ambo, vast majority (92.6%) of the respondents gave affirmative opinion. This shows that the respondents welcome such a health care co-operative in this area. The KIs as well as the members of the Focus Group assured good turn of membership.
- The respondents are ready and they promised to contribute capital, participate in the management and patronize business of the proposed health care co-operatives respectively.
- Finally the respondents were asked about the location of the proposed health co-operative. 39.6 percent preferred to have it in Ambo university premises, 56.4 percent preferred to house it in other location.

By this feasibility study we can conclude that there is a scope for organizing a health care co-operative in Ambo town. The project core team has prepared

business plan also. If the proposed co-operative is started, there is no doubt that it can prosper and the health problems of the people can be solved in a collective effort, and it can be replicated all over the country.

Social Media Strategy for Brand Building for Co-operatives in India. The role of blogs

Sanjay Kumar Verma

Introduction

In the recent years the co-operative sector has emerged as one of the vibrant sectors of our economy. With around 6 lakh co-operatives, the co-operatives have widespread presence as they cover 100% of the villages and 75% of the rural households. There is hardly any field of socio-economic activity in which the co-operatives have not made any impact. Due to pioneering contribution of dairy co-operatives India is the largest producer of milk in the world. In the fields of agricultural credit, fertilizer production, housing, consumers, handlooms, agriculture marketing etc. the co-operatives have a strong presence. In recent years, the co-operatives have diversified in many areas of activities like insurance, tourism, rural electrification, water management, education etc. Apart from the well-known co-operatives like IFFCO, KRIBHCO, Amul, NAFED etc. there are number of grass root co-operatives whose contribution in improving the socio economic condition of the people is immense.

Despite the dominance of forces of privatization, the co-operative model of development has retained its significance. In the recent times when the whole world was hit by economic recession, the co-operatives in India continued to march ahead as seen in the growth of IFFCO, KRIBHCO, Amul etc. The co-operatives were seen as organizations, which are stable due to their strong membership base and wide participatory character. Whenever any model of development fails, or shows its limitations, the policy makers in the country pin their faith in the co-operative model and give all sorts of encouragement. This is despite the fact that co-operatives have not been able to develop as autonomous and self sustaining enterprises due to factors like government interference, dependence on government for financial support, inherent inadequacies like inability to develop professionalism, weak communication strategies etc.

One of the hindering factors in the growth of co-operative sector has been neglect of brand building as a strategic area of its functioning. Apart from the popular brands associated with Amul, IFFCO, KRIBHCO and few others, other co-operatives have not emerged as entities which may have brand allegiance. As a result, credibility of the co-operative

sector is lacking despite their wide coverage within the economy of India. The public perception towards co-operatives is still not favorable to the sector. A positive attitude towards co-operatives even amongst the poor is also lacking.

Viewed in the above backdrop, this paper advocates the strengthening of the communication and marketing strategy of the co-operative sector with the aim of building a positive brand image and brand loyalty. The paper focus on blogs, which are an important tool for the social media in the recent times and reflects on the blogs possible use as a brand building tool for the co-operative movement in India.

Public relations and brand building

A review of the public relations trends worldwide clearly indicates that public relations is considered important for brand building of an organization. It is emphasized that quality communication with purpose can lead to building of brands. At a time when participatory approaches are emphasized in policy formulation, PR is a two way communication in which building perceptions amongst the target groups is equally important besides the normal objective of coming up with good coverage of an event through press releases. A focused communication in which the target group is engaged through dialogue can lead to building of brand image.

Brand is not simply a logo, identity or product. It is other person's feeling about a product, service or organization. Branding is thus basically an image building activity in which public relations plays an important role in influencing and creating a right environment for a brand to develop. Focusing on close interactions with the customers or the stakeholders is critical for an effective public relation strategy geared towards brand building. Building and nurturing relationships is a continuous process as far as brand building is concerned. The new social media may provide an important channel to develop a closer relationship with genuine interaction and engagement between a co-operative and its membership and potential membership.

Social media role in brand building

With the increasing use of Internet the communication trends indicate that social media has emerged as an important tool for brand building of an organization. Social Media is any form of online publication or presence that allows users to engage in multidirectional conversations in or around the content on the website. Some forms of the social media are forums, messages, boards, blogs, wikies and podcasts. Social media application also includes Google, Facebook and Youtube. Social media is inexpensive and easily accessible to enable anyone to publish or access information. This is in sharp contrast to commercial media, which requires investing huge resources. In social media people are regarded, as content makers not content users which is in sharp contrast to mainstream media where people are nearly passive recipients.

Social media is used not only to reach customers, but also for connecting to the audience, target group or the stakeholders. Using social media tools, civil society organizations and private companies create systems to encourage people to connect, collaborate and move ahead so as to enhance the business potential and fulfill advocacy objectives. Thus, the impact of social media is more profound than the usual public relations tools as here the emphasis is on building relationships and creating influential networks online which have a wider reach.

Blogs and brand building

A blog is a type of website or part of a website that promotes dialogue, provides commentary, analysis etc. and is interactive to the core. Any one having access to Internet can blog as he can write using a simple word type of interface. Blogs are generally written in the first person and are in the form of online diaries. Many of the organizations have their blogs on the website or they have connections with social networking sites like Facebook, Twitter etc.

The interactive nature of the blog creates goodwill, which is very important for organizations for building their brands. Blogs helps in highlighting the distinctiveness or uniqueness of an organization thus helping in brand awareness. Blogs engage customers through an open forum of discussion and this becomes a good strategy for selling unlike other modes of communication. Blogs provide keen insights into the working of an organization, which helps in brand building. It helps developing communication channels to the market of an organization besides

researching and developing new products. Blogs help in generating interest of the people for the cause of an organization. It is a perfect tool for advocacy, lobbying and even generating resources for organizations, more particularly civil society organizations. Within an organization blogs helps in sharing knowledge, project communication and forging unity amongst the various constituent units. Blogs also help in building trust within an organization which helps in creating a transparent atmosphere. Blogs are a strong alternative to mainstream media, as blogs are a best medium to publicize the achievements of an organization as the news/ organizational developments are projected on the many search engines in a cost effective manner with an audience that has a more extensive reach than the mainstream media.

Current public relations practices and brand building of co-operatives in India

A review of the co-operative trends in India indicates that the significance of the PR is still not understood for brand building. The PR practices don't emphasize on two-way communication considering the fact that co-operatives are participatory organizations with democratic culture. The usual PR practices emphasize on press releases, press conferences, house journals, audiovisuals, films etc. There are no attempts to devise strategies, which can promote dialogue between the co-operatives and its stakeholders thus helping in building perception of the people towards co-operatives as not only professional business enterprises but also organizations which are trustworthy, dependable, unique and holding certain values which a private enterprise may lack. The PR strategies are not geared towards brand positioning of co-operatives as the co-operatives don't devise communication strategies to identify their strengths, their mission objectives or the messages which can appeal to the people and catch their psyche. There are some exceptions like successful co-operatives in the form of IFFCO, KRIBHCO, Amul, NDDDB etc.

The dependence of co-operatives on mainstream media which is purely driven by commercial objectives is also a big hindrance in hampering the co-operatives realize the need to build their brands through interactive methodologies which can understand the psychology and identify with the unique identity of co-operatives. The mainstream media does not have time to understand the growth dynamics of the co-operative sector from the close angles as due to commercial influence, it is in look out for stories which highlight the discrepancies in the functioning of co-

operative organizations. The co-operatives are also inhibited by lack of financial resources due to which they are not able to develop a professional attitude toward public relations.

Despite the rising number of Internet users in India, the co-operatives have yet to venture in the field of social media. There is definitely lack of awareness of the powerful impact of social media, more particularly the blogs in brand building.

Blogs and brand building for co-operatives

The co-operatives are democratic organizations. A democratic base with strong value orientation distinguishes co-operatives from other organizations. The successful co-operatives in India have thrived because of their democratic character and strong adherence to values. The successful cases of IFFCO, KRIBHCO, Amul etc. are a pointer in this direction. No doubt they have built up their brands by following the principles of co-operatives in true spirit. The blogs not only symbolize freedom of expression but they also have a participatory character which has a strong resemblance to the democratic membership base of the co-operative organizations. Due to their engaging character, blogs are the best medium to expand the business of co-operatives providing them a platform to compete in the market economy. A good content is the key to the success of an organizational blog, which is well reflected in the blog being placed in the higher search engines on the Internet.

The content of the blog must be written in such a way that it moves the readers. The impact should be such that readers feel compelled to interact with the functionaries in the organization who are blogging. The interaction here is more personal, not in abstract terms with a bureaucratic mindset. Whether, it is the products, the growth parameters, the programmes, the achievements, the vision etc of an organization, the blogs are a medium which can capture the essence of all these and captivate the hearts of the readers who may be more eager to know the organization which a press release or a hand-out may not be able to do. Blogs have made many organizations succeed through dialogue between the organization and its users which not only creates brand value but also opens the ways for an organization to expand its horizons. This applies to the co-operatives in India who really need a successful mantra to march ahead by marketing their identity in a best possible manner.

Model building for business organisations

The co-operatives in India face a big challenge of building up new and innovative models which are sustainable and which can exhibit the strengths of co-operative organizations so that these can be popularized in new areas of development. Building a model of brand building through blogs is a new area which is untapped and which can have huge potentialities for the growth of the co-operative sector in the country. However, in the process of building up the model peculiarities of every sector have to be taken into account, and also the nature of organizations has to be considered. As this paper is exploratory, an attempt is made to present key points for business and promotional organizations which can be helpful in building up of models.

The co-operative business organizations face a big challenge to sell their products at a time when private companies which have more resources and are driven by latest technologies pose a severe competition to the co-operative sector. A biggest challenge is to not only generate brand awareness but also work for brand positioning. A blog can easily create a brand for a business organization if it is able to project its business potential while at the same time highlight its uniqueness as a co-operative organization. The blog should link with the experiences of the customers who have bought the co-operative products. How do customers perceive a co-operative product? To what extent the products have solved their problems? Are they satisfied with the quality of the products? A community hub in the blog can be created where customers can come up with their problems. If the blog comes with more frequent conversations with the customers, then the business will pick up more. Customer-to-customer communication through blogs can be very useful in brand building.

The co-operative business organizations have not realized the importance of engagement with the customers which a blog provides. In product launch, diversification of products, exploring markets, etc the co-operative business organizations need these blogs which can project these business challenges as well as find solutions through wide interactions while retaining the competitive advantages of co-operatives. Though IFFCO, KRIBHCO, AMUL, etc have very interactive websites, venturing in the field of blogs may not only provide them a big opportunity to enhance their level of connectivity for attaining a higher business potential but also enable them strengthen their relationships with the customers/farmers. The

post-liberalized industry is seeing dramatic changes in terms of latest products, new channels of distribution, greater use of IT and use of diverse tools of communication and promotion. This phenomenon has led to importance of one-to-one marketing. The blogs are an important medium for one-to-one marketing for brand building. The business organizations must realize the significance of this by setting up blogs. The co-operative organizations, which are embedded in the communities in which they function, are ideal for promoting one-to-one marketing. Devising effective marketing and sales techniques has been a weakness for business organizations. The rich content of blogs can remove this weakness.

The co-operative banking is one sector of the co-operatives where blogs can play an important role in building confidence of all rural stakeholders in the bank and its management. The blogs cannot only analyze the needs of the clients, but also win over new clients. Except for few co-operative banks, which have brands, the co-operative banks have strong potentialities to develop their brands if they adopt on-line communications through blogs. The mainstream media's coverage of the co-operative banks is very patchy. The stories on the statistical growth of co-operative banks lack a human touch which can be only provided by the blogs which can very well depict the positive impacts of the banks on the existing clients. Some of the service co-operatives like housing co-operatives provide cost-effective solutions to the problems of rural poor. They are also propagating the values of social harmony. These factors are very important in brand building. The blogs written in a first person narrative can vividly project this aspect.

Promotional organizations

The promotional organizations in the co-operative sector have to look after the socio-economic interests of their members through regular communication while at the same time build up awareness for co-operatives and influence public policy. Being involved in advocacy and lobbying work, they are also involved in building up support for the issues of an organization, or the sectoral issues which have a national orientation. In accordance with promotional objectives, involvement in education, training and skills-development programmes is a challenging task for these organizations because one needs to have continuous interactions with the participants, trainers, etc for success of the programmes

The importance of blogs for promotional organizations has its own logic considering the fact that these organizations have to devise effective communication strategies to fulfill the expectations of members, and empower them to create change in their domain of functioning. Devising of ways to sustain the growth and development of these member-institutions is also challenging. A blog cannot only act as a powerful channel of communication which can satisfy the needs of the members but also act as a strong cementing force.

The blogs can also play an important role in strengthening the capacity building programmes of promotional organizations. The on-line discussions on the blog with the resource persons and the participants can project a clear-cut picture of such programmes and the areas that need to be improved. Many of these programmes are run on a routine basis without good mechanisms of evaluation. Similarly, the grass-roots projects/programmes of the promotional organizations also need an effective communications strategy which can lead to functional efficiency thus helping in brand building. This is because the co-operatives have a strong grass-roots appeal, and this is an area where a distinct brand for co-operatives can emerge if right efforts are made.

The advocacy and lobbying activities to influence government policies is an area where the co-operatives have been lacking in the recent years. Due to this the co-operatives are low on the agenda as far as government policies are concerned. However, if the blogs of the promotional organizations are interactive with good discussions on the issues, they will have a wider reach. In this respect multiple inter-linkages forged will lead to emergence of strong on-line pressure groups which can be effective and also provide a definite way to move ahead.

Resource generation is a big challenge before the co-operatives of all types in the wake of dwindling government support and shrinking resource base. In the case of promotional organizations the challenge is more as they have to make themselves financially sound so as to play a leadership role for other organizations. In this scenario the co-operatives have to explore various sources of funding through effective networking by aligning their agenda with the agenda of national/international funding agencies. Here the blogs can show a way out and establish the right connections. One of the factors behind neglect of brand building in co-operatives is that as compared to other sectors, the level of research in the co-operative sector is not qualitative. Blogs can through

active discussions in the problem areas can not only identify problem-oriented areas of research but also offer a way out to undertake further academic work in these areas.

Re-evaluation of the standard communications paradigm in co-operatives

The co-operatives of all types must evaluate their PR strategies and give important place to blogs in their on-line communications policies. The organizational structure of co-operatives and external realities clearly indicate the need for an alternative communication tool that can not only forge unity within the co-operatives but also enable them to look beyond their limited horizons. The co-operatives can effectively bridge the gap between headquarters and field offices through blogs. The co-operatives have field functionaries and staff located all over the country both in the rural and urban areas. Blogs can make the people in the organizations at all levels come close, which is very important for brand building. Similarly the co-operatives must be able to connect with other organizations and diversify in new areas which is again very important for providing a distinct brand identity to co-operatives. Blogs also provide a strong media channel for co-operatives at a time when the mainstream media does not take interest in the issues of co-operatives. The blogs provide a tool for making the co-operative organizations achievement-oriented.

This is definitely a paradigm shift as far as media strategies for co-operatives are concerned. More importantly, the co-operatives in India are looking out for devising effective crisis communication strategies in scenario when the mainstream press quite often comes up with spicy and controversial issues which damage the reputation of co-operative organizations. The blogs provide a platform for organizations to undertake damage-control exercises by highlighting the issues in a proper perspective. They can thus play a crucial role in nurturing the brand identity of co-operatives. The time has come for co-operatives to aggressively project their strengths and collaborative linkages with other organizations even if they are not in the co-operative field. Diversification in new areas of activities can provide a brand identity to co-operatives. The blogs here can play an important role in fostering discussions amongst people/key functionaries/experts of different types of organizations. The National Co-operative Union of India, which is the apex organization of the co-operative movement in the country, has recently

launched a CO-OP CONNECT Forum which is a platform for discussing the issues which can have wider implications both for co-operative organizations and the organizations which are not in the co-operative fold.

The objective here is to bring other organizations in the co-operative fold so that collaborative ventures may be started which can not only strengthen the co-operative sector but also build up its image. This is a step towards brand building as the long-term vision is to change the perception of the people towards co-operatives. For this the Forum has launched a blog on the NCUI website [www.ncui.net]. The CO-OP CONNECT Forum has also initiated steps to popularize co-operative education in the schools as it is felt that this is an area where co-operatives can build up their brand. Sensitizing the young minds on the importance, achievements and growth potential of co-operatives can be a powerful way of co-operative advocacy.

The co-operatives at all levels must undertake serious steps to generate awareness for blogs. For this they must visualize organizing workshops, training programmes etc with the help of established PR and media institutes. The role of NCUI will be vital in this regard. A pilot project here may also be launched which can provide a clear-cut direction. Setting up of blogs may be a cheap option to experiment with, but the blog needs to be sustained and kept alive through generating content which is fresh and has new insights every time it is put on the blog. As far as pitfalls are concerned, blogs are a medium, which can lay bare the confidential information which an organization may not want to display. For this bloggers' guidelines may be formulated, and the discussions may be moderated in the initial stages. This technology for popularizing the blogs has also to be understood in a proper perspective so that there is a large number of subscribers, followers, and supporters of the blog. The help of PR agencies dealing with social media can be taken in this regard.

Conclusion

Online communications is no more a taboo in India. The developmental organizations are exploring the horizons of social media, particularly blogs for creating their own niche. The co-operatives must not lag behind at a time when brand-building initiatives in the co-operative sector is not commensurate with their growth story and inherent potentialities for further development. With an eye for the future, the co-operatives must take definite initiatives in this unexplored field.

Consumer Co-ops in Japan: Challenges and Prospects in Transitional Stage,

*Ed Otohiko Hasumi et al (2010) Consumer Co-operative Institute of Japan, Tokyo
ISBN Number Pending*

This book is an important compilation of chapters on key aspects of the Japanese consumer co-operative movement by some of the leading researchers and academics working in this area. It is particularly welcome as it comes from one of the most successful consumer movements in the world yet far from taking a complacent or congratulatory tone in fact is facing up to and defining some of the key strategic challenges facing their movement in the 21st century.

The work draws on two volumes of studies (published in 2005 and 2006) in Japanese arising out of the establishment of “Consumer Co-op Studies” established in 2001. This resulting volume not only provides the reader with an insight to the many facets of the Japanese Consumer movement but also seeks to place this experience in the context of globalization and calls for a reflection at the international level by other consumer movements. With the hope of stimulating international discussion on the future of consumer co-operatives. The book identifies four key strategic areas which need international debate within the movement.

First is the need to rethink the traditional models of management of consumer co-operatives and their organization. The book calls for a fresh, perhaps a more integrated approach between the social and business aspects beyond the traditional way of looking at how management is defined and operated. “We must move away from the traditional approach of studying organization and management alone”.

The second need is to analyze changes in consumer’s lives in relation to consumer co-operatives. This implies that member’s lives are more than the mere consumption of goods and services and that a new approach needs to recognise this. How to consume and how to avoid consuming may be of real significance for a sustainable consumer society of the future. As the book puts it “It should be remembered that consumer co-ops are associations organized to improve consumer’s lives.”

The third task undertaken in this volume is to clarify the relationship between social change in the 21st century and the consumer co-operative

movement driven so much by technological innovation, globalisation, the information revolution and industrialization and urbanisation.

The fourth need for international debate arises from the issue of defining the new vision of the community or a new communal society in the 21st century. Rapid changes in family gender relationships, population increases, demographic changes, population movements, changing attitudes to sexuality, polarisation in society and belief systems, leading to decline in toleration and rising communal tensions in many quarters make the need for a new vision. One that builds and develops beyond the current Statement of Co-operative Identity may be critical for rebuilding the sense of civil society away from individualism towards a more social consumer movement,

“While the co-operation of people within families and local communities that have been the basic units of society, has rapidly weakened, public support by national and local governments, which proffer to protect citizens’ lives, is not sufficient.” (In fact it too has generally speaking declined. Editor)

The book offers insights into the Japanese experience in terms of these issues and most importantly invites international comment and debate – the authors and their themes certainly deserve such a response. So important do I believe this initiative to be that I would like to offer *Mr Kurimoto* of the Consumer Co-operative Institute of Japan to turn a whole issue for of the *IJCM* over to papers from all over the global co-operative movement responding to one of more of its twelve chapters covering the following topics.

1. Evolution and Characteristics of Japanese-style Consumer Co-ops
2. Changing Patterns of Member Participation
3. Role of Consumer Co-ops in the Japanese Food System
4. Consumer Co-op’s Retail Business Operations

5. Development and Significance of Co-operative Brand Merchandise and Sanchoku
6. Governance and Management in Japan's Consumer Co-ops
7. Medical Co-ops: Evolution and Challenges
9. Changing Institutional Framework of Consumer Co-ops in Japan
10. Reconstructing the Livelihood Security System through Co-operation
11. Role of Consumer Co-ops in the Japanese Food System
12. Consumer Co-ops and the Civil Society

Clearly one cannot review such an extensive volume and do the respective authors justice in the space permitted here. In view of the research theme of health care in the current issue I shall concentrate my review on one of the chapters by *Akira Kurimoto* on the Japanese health care. The Japanese system is characterized by consumer's having free access to a variety of providers financed through a compulsory insurance scheme. *Kurimoto* suggests the system has attained relatively good performance in terms of providing coverage for the entire population at low cost per GDP, but it is now facing serious problems. Firstly, on the supply side, there is weak co-ordination among service providers and medical professionals are in short supply and are overworked. On the demand side, users have no voice and often swallow the cost of malpractice. On the financial side, many insurers are operating in the red, while users are paying up to 30% actual costs for the health care they receive. The charge when the scheme commenced was 10%

This chapter addresses the question of why people should organize medical care in a co-operative form. *Kurimoto* notes that;

“Medical co-ops, for the most part fill in the gaps within the system. For example, in remote areas, especially in doctor-less villages where people have to travel long distances to see doctors, or rely on uncertain travelling clinics, medical co-ops serve these areas. Co-ops are also organized to secure medical services for the working-class that do not have access to normal medical care. Or they were set up to exercise bargaining power through medical insurance schemes, or to obtain prescription drugs at affordable prices, as the AARP in the United States or Druzap in Slovakia have done. In Benin, medical co-ops were created to save the jobs of doctors who were released from the public sector as a result

of the privatization of medical services. Neither of these applies to the Japanese medical co-ops in urban areas, where the services are easily available and where the public medical insurance system controls the price of health services and prescription drugs.”

Insurance companies have launched private medical insurance policies to supplement national coverage; for example, insurance for cancer coverage. The supply side ranges from hospitals to community clinics (general practitioners). These medical institutions are established as medical corporations, public institutions, private and other entities including medical co-operatives.

Today there is heavy congestion in some large hospitals where it is more and more common for outpatients to receive just three minutes diagnosis after waiting for three hours. Consumers have little opportunity to choose doctors and health care providers, as advertising by hospitals/clinics are restricted, and little comparative information is available. The supply of medical services, as a whole, are sufficient in quantity, but geographically unevenly distributed and in serious shortage in under populated areas, especially in mountainous regions and on remote islands. Declining numbers of doctors in some divisions, in particular, obstetricians, and paediatricians, has meant a serious shortage of related services even in large cities.

Kurimoto blames this situation on public policy, aiming to hold down medical expenditures since 1983, which has created a permanent shortage of human resources, including doctors. As a result, the number of doctors per 1,000 residents was 1.9; lower than 2.8, the average of the OECD countries, while outpatient's visits are much higher than the OECD average (14 times a year vs. 6.2 times). This means that Japanese doctors and nurses are working more to fill the gap. Despite all the problems *Kurimoto* sees some positive aspects in the record of the Health Care Co-operatives in the long term issues of prevention and care for the chronically ill and in providing some support and better information for the patient.

“Under such circumstances, medical co-ops offer a unique experience combining user's participation and professional expertise to reduce problems associated with asymmetric information. They are empowering consumers through learning and participation and taking on the challenge to create networks for health promotion, and medical and social care in communities.”

At the same time Kurimoto states, and this is surely important for the African and other developing country contexts for health co-operatives, that they;

“... are facing such problems as how to maintain financial soundness, how to recruit professionals, and how to establish an appropriate governance structure involving multiple stakeholders.”

The costs to consumer's not withstanding compulsory insurance charges have risen 200% since inception of the scheme. This sharp rise in the costs of insurance based schemes is paralleled in America where health insurance costs are rising many times ahead of inflation. Even when charges rise so steeply *Kurimoto* notes that bottle-necks and inadequate provision in outpatients is the apparent norm with little professional availability in rural areas. All this in one of the wealthiest countries on earth might give pause for thought before promoting such a model in some of the poorest countries on earth.

The importance of health co-operatives clearly lies in championing patient rights and awareness of health risks and life style and other prevention measures as well as delivery less high skilled aspects of long term care for the chronically sick.

A final word on this book as a whole. Here we have at last a successful national movement looking strategically at the threats on its horizon and attempting to consider them in the global context. What is needed now is many more national movements to follow suit and for the international movement to stop being parsimonious with funding its Research and HRD Committees for the purpose of developing a global co-operative strategy with an indicative framework for national movements and specialised global research units focused on 'value chain' and 'logistical networks' to enable national movements to leverage global economies whilst pursuing global sustainability, fair trade and justice for the poor.

The Editor

Co-operative learning needs a global network for a global economy

For teaching, consultancy and research services and facilities in co-operative management and organizational development in your region contact one of the following regional learning centres which together form a global network committed to co-operative management and organizational development networked with the University of Leicester Unit for Membership Based Organizations in the School of Management.

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DEPARTMENT OF AGRICULTURAL ECONOMICS
75, IERA ODOS – VOTANIKOS 118 55, ATHENS – GREECE
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Cipriani College of Labour and Co-operative Studies
Churchill-Roosevelt Highway, Valsayn, Trinidad & Tobago, West Indies
Tel: 1-868-663-0978, 1-868-663-0975, 1-868-662-5014
Fax: 1-868-645-0489 : E-Mail: cclcs@carib-link.net

International Centre for Co-operative Studies and the Negev Institute for Strategies of Peace and Development

Paradise Negev, Beersheva, 84894, Israel



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**National
Association of
Co-operative Officials**

National Association of Co-operative Officials (NACO)

NACO is a Management Association and an Independent Trades Union, representing managerial and professional grades within the United Kingdom Co-operative Movement. NACO has sole representational rights for managerial and professional staff in all UK consumer co-operative societies and within the Co-operative Insurance Society Limited.

The range of services available to members encompasses collective bargaining on pay rates and terms and conditions of employment, professional advice, legal advice and individual representation – always delivered by a full-time professional official of the Association. The Association also provides ancillary services including discounted products, educational seminars and residential conferences.

NACO has grown and developed to be a major and respected professional body representing the vast majority of managers and professionals in consumer co-operatives. The Association seeks to work in partnership with co-operative societies and the excellent relationships developed help us support members individually and collectively. The Association is now looking to expand upon its traditional base, and develop relationships with members in housing co-operatives, farming co-operatives and credit unions to name but a few.

Affiliate membership opportunity

NACO also wishes to cross traditional barriers and share practices and experiences with similar minded bodies with links to the worldwide co-operative movement. In this respect, moves are in place to create an affiliate membership to allow fraternal organisations to develop links with NACO in the United Kingdom. Any parties interested in developing such a relationship should contact General Secretary Neil Buist.

Contact details: Tel - 0161 494 8693 Fax – 0161 366 6800

E mail lwe@nacoco-op.org or ndb@nacoco-op.org



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For applications or further enquiries please contact:

**Dr Peter Davis, Chartered FCIPD, AHEA, Director
Unit for Membership Based Organizations, School of Management
University of Leicester, Ken Edwards Building, University Road
Leicester, LE1 7RH UK**

Web-site www.le.ac.uk/ulmc/umbo

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E-mail: p.davis@le.ac.uk

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The Department of Food Business and Development, in association with the Centre for Co-operative Studies at University College Cork offers a Postgraduate Diploma/MSc in Co-operative Organisation, Food Marketing and Rural Development to graduates to equip them with the organisational and marketing skills they will need to make innovative contributions to the development of local economies and community-based food and small businesses in Ireland and overseas.

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Dr. Olive McCarthy, Centre for Co-operative Studies, University College Cork, Ireland
Tel: 021 4903354 Email: o.mccarthy@ucc.ie
<http://www.ucc.ie/en/ccs/CentreProgrammes/PostgradCOFMRD/>

MBS in Co-operative and Social Enterprise by e-learning

The MBS is a full time equivalent (or part time) taught programme taken over one (or two) calendar year(s) and is designed to equip participants with the skills to participate meaningfully and effectively at leadership level in co-operatives and social enterprises and to develop the capacity to respond creatively to the needs and problems of the wider community and society.

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Dr. Olive McCarthy, Centre for Co-operative Studies, University College Cork, Ireland
Tel: 021 4903354 Fax: 021 4903358 Email: o.mccarthy@ucc.ie
<http://www.ucc.ie/en/ccs/CentreProgrammes/MBSinCo-opandSocialEnterprise/>



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