



Canadian Journal of Nonprofit and Social Economy Research
Revue canadienne de recherche sur les OBSL et l'économie sociale

Vol. 2, No 2
Fall / Automne 2011
pp. 95 – 97

Book Review

by Cynthia Giagnocavo

People-Centred Businesses: Co-operatives, mutuals and the idea of membership.

By *Johnston Birchall*. Houndsmills. UK: Palgrave Macmillan, 2011, pp. 224. ISBN 139780230217188

It is not until the end of the second, or perhaps the beginning of the third, chapter of this book on people-centred businesses, a slim volume coming in at slightly more than 200 pages, that one begins to wonder if the author, Johnston Birchall, is slightly mad to have written it.

Birchall may be familiar to many who study co-operatives, including those who focus on co-operatives' role in poverty reduction or community building. He has authored various works, including some for international bodies such as UNDESA and ILO, so his international reach is significant. This particular book identifies its main question as being "How significant are member-owned businesses [MOBs] in the wider scheme of things?" Its attempt to answer this question is underpinned by much background research and the project, based on the title, seems reasonable enough.

And then one realizes that this question is only the tip of the iceberg and that, in fact, the approach of the book is not at all about trying to come to grips with a particular descriptive aspect of MOBs, or even a theoretical approach (i.e., the idea of membership), but is rather an attempt to explain how MOBs began in various places and periods, how and why they survived (or not), and their prospects for the future. The study is not confined to one country, continent, or region: the whole world is fair game here. And neither is it limited to one sector: distinct chapters deal with consumer-owned retail businesses, insurance providers, housing, public services and utilities, consumer- and producer-owned banks, and producer- and employee-owned businesses. To add to the mounting task, a general description of the importance of MOBs and definitions (including a taxonomy of MOBs) are set out in the first chapter. The second chapter then sets out no fewer than 10 theories that "explain why co-operatives succeed or fail" (and bravely declares that all may be put to use depending on their utility), in addition to historical accounts, case studies, and empirical studies, although the author finally decides to use an overall "ecology" theory of businesses, identifying seven periods of development and three level of analysis. The penultimate chapter focuses on MOBs in developing countries; and the final chapter deals with the idea of membership.

Right. Then, "we should now be able to get on and begin to provide a detailed description and analysis of each of the MOB sectors in turn" the book declares at the end of Chapter 2, before, of course, introducing yet another question to be answered: where to begin the historical clock ticking. Dispensing with that analysis in the space of less than two pages, off we go to start with retail consumer co-operatives.

Let us imagine for a moment that an academic wrote a book on investor-owned businesses using 10 different theories (which are not necessarily of the same category, discipline, or type, with some being about governance, others about business models, economics, psychology, etc.), a global historical analysis over the last 200 years, a smattering of empirical studies, a diverse but inconsistent range of countries, six different sectors, etc. Sheer and utter madness, one would think, particularly for those of us in economics and business studies, dressed up as we are as “empirical scientists.”

But it is precisely because MOBs do have an “unseen” and ignored status that this book is necessary and, arguably with some quibbles, in the form that the author has chosen. Birchall stuffs 200 pages with as much information as possible in a readable, narrative form, hitting on the main forms of MOBs. He does not fully achieve what he sets out to do in his book—it would be impossible to outline all the who, why, how, where, and when of the MOB movement in his chosen sectors—but he does well enough, with both bold brushstrokes and at times pointed detail, giving readers a massive yet framed sketch, which they are free to colour in with further research. Chapter 2, for example, is a whirlwind tour of theoretical and methodological approaches applicable to MOBs, and is not entirely integrated into the following chapters. However, it is thoughtful and useful for those doing research in the area. Birchall himself points out that what he set out to do is a complex project, where no easy analysis is possible, and no theory conclusive—a refreshing departure in itself from management theories and scientific approaches to businesses.

Birchall’s strength lies in his ability to synthesize a daunting amount of historical and current information in a readable form, telling a compelling history of various forms of MOBs along the way. Reading this book is like being jettisoned back to pre-PowerPoint days, when good professors commanded the attention of their listeners with their knowledge and experience woven into coherent narratives. One marvels at just how much ground one has covered by the end of the book. Some of the many themes that emerge in the book are:

- the sheer breadth and variety of MOBs worldwide;
- the positive and negative roles of law and policy;
- government and political influences and the necessity for MOBs to be free from such influences;
- the manner in which MOBs historically replicated and spread, and the consequent impact on their survival;
- the importance of workable business plans, good governance, and management in ensuring MOBs function as viable businesses;
- the limitations of MOBs (i.e., they alone cannot “save” us) and the limits that MOBs should impose on themselves (on this last point, Birchall warns against structural changes that dilute the notion of membership); and
- the role of MOBs in community and civil society building and their persistence in the face of unfavourable institutional and political conditions.

Each reader will find many more themes winding through the narrative, depending on the areas and focus of an individual’s research. Where readers are well versed in a theme or area, they may find detail lacking and/or information less than up to date. For example, references to Spain (the country of the reviewer) are mostly confined to Mondragón, in the Basque Country, in spite of the fact that the largest Spanish co-operative bank is in the south and that other areas of Spain have extremely strong co-operative sectors often

based not on one company but on clusters. But what one loses in detail, one gains in general knowledge and comparative detail.

This “big picture” strength of the book leads me to voice a small complaint—the addition of footnotes or endnotes would have been helpful and references, and bibliography could have been more extensive and up to date, providing more starting points for readers and potential researchers. While it is understandable that the research tends to be stronger when it is “Anglo”-focused (U.K., Canada, U.S.), providing a more complete international bibliography would have helped to fill some gaps.

In sum, this is worth reading for both those new to and those already acquainted with the MOB area. As a bonus, it is an enjoyable read. I read this during my summer vacation. By chance, I ended up speaking with someone visiting Spain from New York City and who asked after the title. “Yes, well, the idea is commendable,” was the response to my explanation of the book, “but do you really think that it can be scaled up and have any kind of real impact?” I had my answer in the valley in front of us where agricultural co-operative small producers generate more than two billion Euros annually in an area previously plagued by poverty and fascism. I had a more complete answer in the book I was holding.

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