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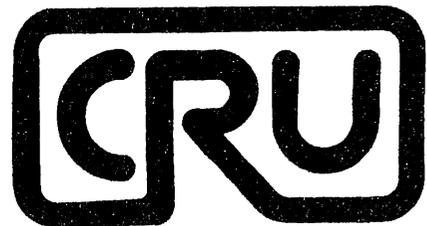
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# WHOLEGRAIN FOODS AND THE BEAN SHOP

Organizational Problems in Small Co-operatives

by John Woolham



Case Study No. 10

Co-operatives Research Unit



THE OPEN UNIVERSITY



**'WHOLEGRAIN FOODS' AND 'THE BEAN SHOP'**  
**Organizational Problems in Small Co-operatives**  
by  
John Woolham

Co-operatives Research Case Study No 10

The Co-operative Research Unit

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## Chapter 1 INTRODUCTION

This monograph is based around case studies of two wholefood shop/wholesaling co-operatives located in a medium sized town in the South of England, and has as its particular purpose an examination of the more salient issues facing these enterprises at the time the research took place:

Whilst the focus of the research is problem oriented it must be stated from the outset that this by no means implies that the co-operatives studied here are 'lame ducks' or failures, or that the problems they face are symptomatic of any major shortcomings in co-operatives per se. With respect to the two case studies, at the time of the research this was far from being the case, and a different study with more optimistic orientations would no doubt produce a completely different set of conclusions. The intention here is simply to highlight some of the major issues facing these two co-operatives within a framework that may enable other co-operatives to recognise, confront and resolve these and similar issues in their own ways.

The first of these case studies, 'The Bean Shop' is a collective of six people: two full-time partners, Jeff and Paul; one part-time partner, Kathy; one full-time/prospective partner, Alan, and two part-time 'casual' workers, Jamie and Liz. The data was obtained through an initial interview with all full-time workers in the collective, Jeff, Paul and Alan, which was then followed up with interviews with two full-time partners, Jeff and Paul, on an individual basis.

In the second case study, 'Whole Grain Foods', the larger size of the co-operative meant that it was necessary to obtain a sample from members and ex-members. The sample consisted of approximately one-third of members/ex-members from each of the three main working areas: the shop, the bakery and the warehouse. Out of a total of nine interviews, five were with members; George, a warehouse worker, Gordon, from the bakery, and Jenny, Clare and Sally, all from the shop. The four ex-members, Simon, Marion, Ian and Sarah had all left the co-operative just before this study took place. They had all formerly held positions of considerable responsibility and importance prior to their departure. Other variables taken into account in choosing the sample were age, sex, and length of membership of the co-operative.

SHOP	pt/ft	WAREHOUSE AND PACKING ROOM	pt/ft	BAKERY	pt/ft
Sarah <sup>*I</sup>	f/t	Ian <sup>*I</sup>	f/t	Gordon <sup>I</sup>	f/t
Clare <sup>I</sup>	f/t	Simon <sup>*I</sup>	f/t	Susan	p/t
Sally <sup>I</sup>	f/t	George <sup>I</sup>	f/t	Percy	f/t
Jenny <sup>I</sup>	f/t	Marion <sup>*I</sup>	f/t	Bill	f/t
Christine	f/t	Philip	f/t	William	p/t
Jack	f/t	Albert	f/t		
Lynn	f/t	Peter	f/t		
Arthur	f/t	Hugh	f/t		
Gillian	p/t	John	f/t		
Nicole	p/t	David	f/t		
Jude	p/t	Julie	f/t		
Hilary	p/t	Mike	f/t		
		Chris	f/t		

\* Indicates those having recently (up to one month before the research took place) left the co-operative.

I Indicates those members and ex-members interviewed for the study.

Fig 1 Membership of 'Whole Grain Foods' by working area

The interviews themselves took place in January and February 1986 and lasted on average two hours. Questions and answers were recorded on tape, or, at the respondent's request, by hand. Interviews were conducted variously at the workplace of those concerned (as far as possible in isolation from other co-op members in order to maximise confidentiality), at their own homes, at my own home, or in the local pub. The questionnaire used in these interviews is included as an appendix at the end of this study.

SHOP	pt/ft	WAREHOUSE	pt/ft
Jeff	f/t*I	PAUL	f/t*I
Kathy	p/t*		
Alan	f/t)I		
Jamie	p/t		
Liz	p/t		

\* Indicates partners of the collective.

I Indicates those members interviewed for the study.

#### Fig 2 Membership of 'The Bean Shop'

In many respects this monograph represents a follow-up study to case studies of the same organizations that provided the basis for my D.Phil thesis (Woolham 1984). This earlier study was based around much more extensive participant-observer research methods. As well as being able to draw upon the findings of this earlier research my prior relationship with both organizations meant that I experienced little difficulty in obtaining access for the study.

The content of this monograph is divided into six sections, including this introduction. Section two provides a brief overview of the background and history of the two organizations and also refers briefly to the major issues revealed in the first study, thereby providing a context within which the current issues can be located. Section three examines the development of both organizations as businesses, with particular reference to the relationship between this development and the co-operative structure of the enterprise. Section four examines how the organization, structure and management of the co-operatives have developed over time. Section five considers how work is experienced by the individuals working in the two enterprises; focussing in particular upon the 'costs' and 'benefits' perceived by individuals working within a co-operative organizational structure. The final section of the monograph is in three parts. The first summarises the more significant phases in the development of the organizations, the second considers why the two developed in such different ways, whilst the final

section explores some of the key dynamics of organizational life emerging from the study.

I would like to record my gratitude to all members and ex-members of the two organizations that are the subjects of this study, and particularly those who agreed to be interviewed. But for their interest, patience and friendliness, this study could not have taken place. Thanks are also due to Chris Cornforth of the Co-operatives Research Unit, who made the initial suggestion for me to conduct this study and whose advice and assistance I gratefully acknowledge. Any errors or omissions are, of course, mine exclusively.

## Chapter 2 A BRIEF HISTORY OF "THE BEAN SHOP" AND "WHOLE GRAIN FOODS"

### The Bean Shop

'The Bean Shop' was established in 1974 as one experimental project, amongst others, of a University based environmental group known as the 'Rubicon Group'. This group were involved in a number of schemes and projects in the area intended to encourage greater awareness of the environment and the wasteful and destructive use made of the Earth's resources, both globally, and at a more local level. One such scheme was a stall that sold wholefoods at a weekly market held at the University.

The success of this stall encouraged those involved to try to sell wholefoods at other local markets, and when the volume of trade became such that it was no longer realistic to store and pack goods in the bedroom of one of the volunteers, a decision was made to try to find premises for this purpose which might also serve as a shop.

Eventually a renewable three month lease was acquired from a property development firm on a semi derelict building scheduled for eventual demolition, located on a side street in the east of the town. Though not a prime trading site, 'The Bean Shop' had by this time managed to build up a large number of regular customers from their market stalls, who offset the problems that trading in such an area would otherwise have presented.

The shop was initially financed with a tiny capital base of £500, which covered the costs of the lease, stock and the cost of essential repairs.

Selling wholefoods was not the only use to which their early premises were put. A number of spare rooms in the building were used to accommodate other locally based businesses and projects, started either by members of the 'Rubicon' group or, in more recent times, members of the town's 'alternative community'. This tradition of other building users was maintained for several years, though it was in decline before the eviction of the shop from its premises forestalled any attempts made to revive the practice. The diversity of activities at 'The Bean Shop' in its earlier years meant the continual arrival and departure of volunteer workers, not only in the shop but throughout the



building. This seemed to have two effects. First, it ensured a steady flow of ideas, energy and enthusiasm which enabled the building to be repaired and maintained very cheaply, and generally helped the projects using the building gain momentum, and second, it was a source of recruitment to what were becoming more permanent positions within the shop, for it was gradually becoming apparent that what had originally been an experiment could potentially be a more permanent entity.

Although the shop became registered as a partnership, it was from the start organized and run on a collective basis. The idea of running the entire building, as well as the shop, in a collective fashion evolved over the first two years. This was possibly a response to a need to accommodate to the continual influx of temporary, volunteer, labour, but more probably because co-operation as a principle was consistent with the partners wider aims and ideals. By the end of 1977 the whole building was run in a loosely collective manner.

Nevertheless, whatever awareness of collective principles there may have been during this time, it was not always translated to a practical level as tensions between the growing number of shop partners, and conflict between the partners and other members of the building collective sometimes became paramount. These early conflicts were more often than not to do with changes to each other's developing roles and responsibilities and clashes between building users whose objectives were becoming incompatible. Such conflicts were rarely easily resolved, and resulted in the slow decline of the number of building users.

The premises occupied by the collective during these years were scheduled for re-development, and throughout the collective's time here the owners made repeated attempts to obtain the planning permission necessary to start their development. Despite the insecurity of their tenure, the collective did resist for several years the submissions made to the local Planning Department by the developers, and were active in a campaign to preserve the local character of the area. Despite their resistance, the collective were finally evicted in the summer of 1983. Unable to afford to buy alternative premises or a suitable leasehold property, the collective seemed faced with extinction until a customer offered them leasehold premises in an empty shop which he owned nearby. Although adequate for the purposes of the shop collective, the new building was considerably smaller, and therefore curtailed opportunities for most prospective building users. More significantly, it also necessitated the leasing of warehouse space to enable stock to be stored and

packed. Happily, such premises were both more available and more affordable, and obtained more quickly and smoothly.

During this difficult period, the collective decided to try to expand their business, and a third lease was signed on a small 'lock-up' shop in yet another part of the town. For a variety of possible reasons, however, this second shop was not profitable, and the partners decided to close it down after only two years. It was about seven months later that the research upon which this study is based took place.

In general terms, 'The Bean Shop' was established in a more prosperous economic climate than that of today to promote 'alternative' life-styles, rather than to defend jobs. More specifically, the main aims of the collective can be summarised as follows:

- (a) Realising the communal ideal and alternative life-styles: for the two founder members, Ray and Glyn, the shop represented the realisation of a desire to establish alternatives to conventional employment in hierarchically structured organizations and businesses. As Glyn wrote in 'Whole Earth Magazine' (a magazine once published by members of the building users' collective from the premises)

'There must be many people who, like us, have been driven half insane by the de-humanizing strait-jacket of the orthodox working world and yearned to be part of something better, something more fulfilling.'

The desire to create and develop a convivial and non-hierarchical working environment was probably the single most important early aspiration:

'Learning to work with others, to be tolerant, to seek advice, to accept criticism and to fight passionately for the communal ideal are things in which endless effort and patience are needed.'

By comparison, the more practical problems, such as finance, premises, management, business, policies, goods and transport are much less problematic. To succeed in that area collectively you've got to get the 'people thing' right first.'

- (b) Community awareness and involvement: this rejection of conventional occupational or lifestyle assumptions did not mean that the early collective was inward looking or insular. Another early objective was to have a real impact on the local community, and in small ways to promote what they considered to be desirable social changes.

This 'community mindedness' took several forms. Initially, the founders hoped that 'The Bean Shop' would act as a catalyst for other collectives and co-operatives, as well as providing non-alienating work for increasing numbers of people. A number of practical steps in this direction were taken soon after the shop was opened:

- (i) Seedbed enterprises: rooms in the building not used by the shop collective were let at a nominal rent (or no rent at all) to individuals or groups who broadly shared the aims of the shop collective. The original building had housed a large number of these projects during the course of 'The Bean Shop's tenure. Some of these were organized by members of the shop collective of the time, others independently of the shop collective. These projects ranged from a paper recycling scheme, a bicycle repair collective, the 'street library', the 'Whole Earth' magazine, a removals/delivery service, the University Alternative Technology Group, a fabric printing workshop, a Community Arts Workshop, the local Womens' Centre, and a feminist peace magazine.
- (ii) 'The Bean Shop' also played an important role in postponing the plans of their landlords to develop the area. Not only did these plans threaten their livelihoods and those of other local traders, but the proposed development (a car park, supermarket and offices) also threatened to seriously affect the undoubted character and charm of the area. Members of the early shop collective played an active part in the pressure groups set up by residents and traders in opposition to the scheme.
- (iii) The 'rural arm': another important manifestation of the desire to be involved in the local community were attempts made to encourage local growers and producers of wholefoods and vegetables to sell their produce through the shop.
- (iv) 'Service orientations': finally, the early collective shared what might be called a 'service' orientation towards the local community. Food was to be sold as cheaply as possible. The logic behind this was that many of the shop's customers could not afford to pay the 'rip off' prices other shops might charge, and reflected a view that the custom the shop should try to attract would be from the poorer sections of the local community. By keeping prices down for their benefit an important service to the community was being provided. To this end, the collective were prepared to sacrifice the organic purity of the wholefoods they sold for the sake of cheapness.

- (c) Ecological and political perspectives: another aim of the founding partners was to try to sell products that were neither destructive of the environment or were the produce of countries in which the extreme exploitation of labour took place. Though none of the founder members seems to have played an active role in any kind of political party, there was much sympathy for radical causes. This consciousness was probably assisted by the nature of the local events which affected the collective. In this respect, the struggle with the landlords of the property, and later on, repeated attacks on the property and personnel of the collective by the National Front were perhaps significant in creating a tradition of radical orientation.

During the original participant observer study, five basic organizational problems were identified.

- (a) The search for new premises. The premises occupied by the collective at the time of the first study were unsuitable in two basic respects. They were in a dilapidated condition and the terms of their lease made them insecure. In the first few years of the trading life of the collective this was not deemed to be especially problematic, as it was generally felt that the project was experimental and therefore temporary. As time passed, the number of volunteer workers coming and going diminished, as did the rate of turnover of partners in the business, and it became clear that the business was viable, albeit in a marginal way. Longer serving members started to develop longer term aspirations for the collective. Shortly before the commencement of fieldwork, however, the owners of the property gave the collective notice to quit. After taking legal advice, it seemed that if the collective was to survive, different premises had to be found.

This was not going to be easy. Lack of capital accumulation over the previous several trading years meant that the collective could not afford to buy a shop and to obtain leasehold premises it seemed that the collective would have to expand the business.

A sleeping partner who had recently contributed a fairly large sum to the collective offered a third alternative: that he and the collective jointly purchase premises for sale at that time in the same street on the understanding that he would live in part of the building whilst the shop would have its premises and storage space in the rest.

This alternative was rejected in favour of a move to leasehold premises, which provoked the sleeping partner into threatening to withdraw his loan unless the collective acceded to his demands. The collective decided to ignore this letter - sensing that it was bluff as well as blackmail, the loan was repaid in the previously agreed fashion, and the sleeping partner took no further action.

Additional problems remained, however: to finance the move to a leasehold site, a bank loan was required, and the bank, when approached, asked for collateral. Only one member of the collective had collateral to offer: a flat bought from compensation money following a motorcycle accident, and he was reluctant to allow it to be used for this purpose. This potential impediment was removed temporarily when it became clear that the property developers who owned the site would not be able to redevelop as planned as they could not find a buyer for the proposed supermarket they were intending to build. This gave the collective time to consider ways around the problem.

The collective did not solve this problem by the end of the fieldwork period. However, they had obtained the lease on a small lock-up shop in a different part of the town. This was as much to create additional employment as to expand the business.

- (b) Lack of profitability. The comparative lack of profit made by the collective was explained away by some of the partners as the price that had to be paid to fulfil the service orientations of the collective. Despite this, none of the partners was happy with the wage levels. Two strategies were formulated to tackle the problem. The first, precipitated by the notice to quit served by their landlords, was to increase turnover by moving to a better leasehold trading site. The second was not to pass on wholesale discounts so rigorously to customers and to raise the price of one or two of the items sold.

Whilst there was a gradual recognition of the need to improve the collective's economic performance, for some of the partners this remained in breach of what they considered to be the objectives of the business: either available strategy for increasing profitability was incompatible with the desire to retain a small, relaxed, and convivial working environment, and the strongly held service orientations of the collective.

- (c) Recruitment problems. Recruitment channels were informal at 'The Bean Shop'. Traditionally, new workers worked for some time as volunteers until a partner left, when the volunteer would be offered the vacant position. In principle, voluntary help was seen as integral to the well-being of the collective and had been an important feature of organizational life right from the beginning. Criteria for acceptance or rejection of voluntary workers seeking partnership status was both flexible and arbitrary and the length of time served as a volunteer was closely linked with the profitability of the enterprise and the turnover of existing partners. In the past there had been a close correspondence between labour turnover and the recruitment of new partners from the voluntary workers. In more recent times, however, labour turnover had slowed down which meant that a prospective partner had a longer probationary period before partnership status was conferred. One voluntary worker during the fieldwork period experienced a longer wait than any of the partners. Twice she was offered partnership status - once when an existing partner failed to return from holiday and it was assumed that he had left the collective, once when another partner resigned to take up a full-time course of study. However, the holidaymaker returned, and the other partner decided not to return to full-time education, so partnership status was not conferred. It was awareness by some of the partners of the unfairness of this situation that contributed to a decision in principle to try to expand the business to create more opportunity for paid employment: the branch shop (see above) was one consequence of this.
- (d) The decline of meetings and the rise of informal views of work. Both meetings of all 'building users' and of the shop collective declined in frequency over the years since the collective was established. Instead, there existed a 'culture of informality' amongst members. This created certain difficulties for the collective. The informal style of organization that was favoured appeared to rest upon a number of presuppositions: a bedrock of shared understandings and consensus about aims and objectives, about the future plans of the collective, about levels of commitment and mutual trust, and an assumption that all tensions and disagreements between members might be solved informally: that effective communication existed between members.

However, there appeared to be no real shared understanding of aim and objective apart from the piecemeal agreements necessary for the collective to function on a day-to-day basis: crisis management rather than long-term planning was generally the norm. Second, the concepts of trust and commitment were not collectively defined but subject instead to continually changing definitions: for example, the reluctance of one of the partners to use his flat as collateral for a loan was not regarded by other members as symptomatic of any lack of trust or commitment on his part. On the other hand, another partner's extended holiday was. Finally, although tension and conflict between individuals was solved informally, as it would be in any small organization, the scope for its occurrence was enlarged by the lack of an effective forum in which differences of opinion could be aired: the difference between a collectively held aim and those of individual partners became blurred.

- (e) The emergence of a siege mentality. Two real threats to the existence of the collective were, first, the property company that owned the building, and second, attacks from local extreme right-wing groups, who had on various occasions in the past assaulted members of the collective, smashed the plate glass window at the front of the shop, and sent threatening mail. In addition, however, there seemed to be a more generalised form of defensive attitude amongst some of the partners which seemed to be a form of response to other organizational problems that the collective was unable to solve. One example of this was the attitude of one of the partners to the contradiction between the collective's service orientations and the desire to improve wages and conditions. This expressed itself occasionally in the form of resentment and rudeness towards customers who appeared not to recognise or understand that in order to provide the service of cheap wholefoods, the collective had to forego wage increases, work in fairly run-down premises and generally make sacrifices on their behalf.

As will become clear in subsequent sections of the paper, the sorts of issues identified in this, later study, were strongly related both to the objectives of the members, and to the problems illuminated in the earlier study.

### Whole Grain Foods

Like 'The Bean Shop', 'Whole Grain Foods' was established as a partnership, consisting of three people, in the early 1970s. The three partners had originally established a macro-biotic restaurant on the campus of a local University. It was repeated requests from customers wishing to buy the ingredients used in the cooking that was the main reason for the decision to try to open a shop. Premises were eventually found, repaired and stocked with wholefoods with an initial outlay of £700, donated by two friends of the partners.

By 1973, the business was sufficiently profitable to enable the partners to completely relinquish the catering side of their operations and concentrate their energies entirely on the shop. A few months after phasing out the catering business, larger premises, in a better trading location, were leased. These premises remain the co-operative's main shop.

Shortly after moving to their present location, adjoining premises came up for sale, and the partners, thinking that these premises had potential as a bakery, arranged to rent, and eventually bought the lease of this property. Further expansion took place in the same year when a decision was made to open a small wholefood 'cash-and-carry' warehouse in a large room at the back of the two buildings the partnership occupied.

In just over one year, the partners had accomplished several marked phases of growth. This was not without certain difficulties, however.

The long term costs of this expansion were unanticipated cash-flow problems, which necessitated a bank loan of £6,000. Just as these financial difficulties seemed to be easing, early in 1978, the partners experienced another setback. A stocktake revealed the loss of over £4,000 over a thirteen week period. Despite the absence of conclusive evidence, it was strongly suspected that one person - the only worker absent from the meeting that had been called to discuss the issue - had taken it. Eventually the three partners - who remained personally liable - decided to sack the suspect. The money was never recovered.

This loss led inevitably to further serious financial difficulties. The partners immediately secured a £3,000 loan to relieve immediate cash flow difficulties but another short-fall due to bad pricing led to another £3,000 being borrowed shortly afterwards. This brought the total amount borrowed to £12,000.

The partnership's difficulties did not end here. In November 1978 'Whole Grain Foods' experienced the same threats and harrassment from extremist right-wing

groups as 'The Bean Shop'. A plate glass window was smashed, and just after Christmas the newly opened and freshly stocked warehouse was burnt to the ground in a mysterious blaze. There was strong circumstantial evidence to suggest that the fire had been started by the same group that was threatening and harrasing the shop, although this was never proved.

It was several months before alternative premises could be found, but fortunately, the building and its contents were adequately insured, and work soon commenced on re-building.

Three days after the fire, 'Whole Grain Foods' became a Registered Co-operative. Co-operativisation was a logical response by the partners to the problems facing the business during this period for a number of reasons. First, it limited the liability of the partners. Second, and more important, it marked a commitment by all those working in the enterprise to redouble efforts to prevent a re-occurrence of the problems of the last financial year. Finally, and perhaps most important, it met a need for some kind of formalised working arrangement that would accommodate the co-operative spirit of the majority of the workers but prevent the abuse of that spirit by one or two others.

Since registering as a co-operative, further rapid expansion has taken place in, broadly speaking, two phases. During the first phase, the warehouse moved to a new location - a much bigger building - leased for one year. This building was situated about five miles away from the shop/bakery. Over the same period the re-built warehouse at the back of the shop/bakery was converted into just a cash-and-carry business, which left the warehouse free to concentrate on the wholesale side of the business, and the sale of pre-packed goods on a wholesale basis. At the same time, the shop and bakery were extensively re-developed: the bakery being re-located in a purpose built room in an area of the warehouse/cash and carry at the back of the shop, and the creation of a much bigger shop by the removal of the walls dividing the old bakery building and existing shop: in effect, making two buildings into one. This first phase of expansion was accomplished with the aid of a large bank loan.

During the second phase of expansion, one year later, the warehouse was re-located in yet another, larger warehouse, again, some five miles from the main shop.

Shortly before the research took place, the remaining partner prior to the re-registration of the business as a co-operative, who had played an important part in the development of the business following re-registration,

resigned his membership. Within the same month, coincidentally, the resignations occurred of the shop manageress, the warehouse manager, and the person in charge of the packing department at the warehouse.

Like 'The Bean Shop', 'Whole Grain Foods' was established in a time when large numbers of mainly young people were seeking 'alternatives' to a lifestyle offered by society that was perceived to be alienating, destructive and materialistic. It was to proselytise about some of these alternatives that 'Whole Grain Foods' was conceived. Its main aims can be summarised as follows:

- (a) Promotion of the 'wholefood revolution': This amounts to a conviction that the foods to be sold in the shop should be as 'close to their natural state' as possible: unrefined, unprocessed and untreated, as far as possible with chemical herbicides and pesticides, fertilisers or other growing agents. An information sheet published shortly after the venture was established suggests:

"We feel that the growing natural foods movement is a vital one. By its nature it embraces a total view of the way we want to live and be - ie in the interests of life, health and survival when so many forces are working to destroy our lives, health and survival."

'Whole Grain' information sheet (1973)

- (b) Opposition to 'health foods': Whole Grain's founders were also opposed to the concept of 'health foods' and the institutions they represented:

"Rather than supply the best available food for a truly alternative and cheap way of eating, they concentrate on expensive supplements, pills and medicines (all with a higher profit margin than food) and made-up foods (eg expensive mueslis, imitation steaks, etc). They cash in on their status as health food shops to sell food of no especial quality (eg non organically grown vegetables and fruit, and supermarket foods) at excessive prices to an overtrusting public."

ibid

(c) Whole Grain as a community shop: A third early aim was to create a working environment that was non-competitive and which had a service orientation rather than one of profit maximisation.

We also want a shop that will more fully express these ideas and be a true community shop - involving everybody who uses it. For it is in everybody's interest that a shop like this should exist, and certainly in their financial interest, for, if successful, it should be able to reduce the price of these good foods even more."

The concept of a community shop was expressed more clearly in the same information sheet:

"It would be a community shop since many people using it would be contributing financially and with their help in many ways if they wanted to. Important decisions could be arrived at (as at present) by all those interested and involved...."

ibid

The earlier participant-observer study of 'Whole Grain Foods' revealed four major organizational issues within the co-operative:

- (a) Lack of profitability in the bakery/bakery shop. The premises occupied by the bakery and the bakery shop had been acquired fortuitously when the adjacent property to the main shop had come up for sale. Its acquisition was therefore relatively unplanned. During the first several years of its trading life as a part of the co-operative, the bakery/bakery shop had failed to make a profit. There was a lack of common agreement amongst members as to the causes of this unprofitability. One theory was that it was due to the poor quality of much of the baked produce. Others felt that this was a symptom of an underlying problem: due to poor wages, it was argued that skilled or ambitious workers left to obtain better remuneration. A third view was that the wage bill was too high due to overmanning. In addition, members of the bakery staff suffered from poor morale, there was a high turnover of labour amongst new staff, and one of the longer serving and more senior workers felt that working conditions were a major handicap: old, inefficient ovens, draughts (making it difficult to ensure a consistently high quality of bread etc) created insurmountable problems for bakery workers.

Whilst there was little initial agreement as to the cause of the problem, the solutions that were applied changed according to the view that eventually prevailed amongst the committee about the causes. First, a manageress was formally appointed (a new departure for the co-operative, as hitherto managerial roles had been occupied by people displaying energy and commitment who simply assumed responsibility for performing particular tasks and functions). The manageress sought to improve profitability by reducing overheads by using ingredients that permitted greater profit margins. Second, attempts were made through natural wastage to reduce the number of person-hours worked in the bakery and increase productivity amongst those remaining. Third, attempts were made to attract and retain the services of a skilled baker at the market rate for the job. (Before this, bakery workers were selected not on the basis of skill or experience but largely on the basis of declared interest and enthusiasm). Finally, a more thoroughgoing rationalisation was planned for the future, requiring both further changes in personnel and considerable new investment.

- (b) Labour turnover and recruitment. During the course of this first study fourteen people left the co-operative. This was a high number in view of the fact that at the time the co-operative employed only sixteen full-time workers. Despite this, labour turnover was not regarded as a problem by most of those who remained at 'Whole Grain Foods'. This was because, historically, the business had always experienced a relatively high turnover of staff, and this was interpreted as part of the lifestyle of many of these workers, rather than due to any shortcomings within the working environment. It also meant that the co-operative could exercise a degree of flexibility in manpower planning that other firms might envy. It was only after the partnership became a co-operative that the question of labour turnover was considered as a potential problem. This was because it was argued that some way of retaining people with high levels of commitment and energy was necessary. The creation of a small number of salaried posts (principally amongst those occupying managerial roles) occurred for this reason. This did not slow down the rate of turnover. There appeared to be two main reasons for most of the resignations from the co-operative:

- (i) The inappropriateness of the person to the needs of the co-operative, or the co-op to that person's needs.
- (ii) Disagreements over policy, management style, etc particularly amongst those workers whose level of participation in the co-op's affairs was fairly high.

Recruitment procedures played some part in contributing to this problem. Recruitment was generally informal in character - again, for historical reasons - and was not underpinned by any clear or formal policy. Although after registration as a co-operative, a six-month probationary period was introduced for new workers, the non-selection of probationary workers did cause some bitterness: there was the occasional suspicion that it could be used to create a pool of cheaper labour, denied effective employment rights and subject to exploitation by the rest of the co-operative, although in practice this was not the case.

The two basic solutions to the problem adopted by the committee reflected the prevailing view as to the cause of the problem. There was a large measure of agreement that a better income might reduce labour turnover, and some attempts were made to improve upon the recruitment procedure. There continued to be no formal training given to probationary workers, however, and the informal socialization that inevitably occurred meant that a new worker was likely to learn both good and bad standards of working behaviour.

- (c) Pay scales, differentials, and salaries. The co-operative's wage structure was fairly complex for a comparatively small organization. Whilst there was little disagreement amongst members of the co-operative about the differentials between casual, probationary, and full members of the co-op, some disagreement occurred over the criteria for applying different pay scales, and there was considerable disagreement over the introduction of salaried status for some workers. It was the status that salaries appeared to confer that created the major problem in this respect. (In fact, salaries were likely to save the co-op money by reducing the amount of overtime claimed.) Salaried statuses could not easily be justified in an objective way and were therefore regarded by some as inconsistent with what they felt were co-operative principles. Attempts by the committee to increase the number of workers on a salary were shelved after considerable opposition to the idea was encountered.

- (d) Personal conflict. During the fieldwork a major row occurred between the informally appointed shop manageress and the person she had encouraged to act as her deputy, again on an informal basis, to lighten her workload. The ostensible reason for the conflict were a series of grievances the manageress had over the quality of work of her deputy, which she was unable to solve by informal means. The main reason for this was because the deputy did not regard himself as such, but as being of equal status but with different areas of responsibility. The grievances were brought to the attention of a General Meeting of the co-operative, at which the manageress intimated that unless the co-operative took steps to resolve the difficulties, and certain conditions were met to prevent a re-occurrence of the problem, she would resign from the co-operative. Whilst many of the members of the co-operative felt that this conflict was a clash of personality, there were, in fact, other structural causes underlying. The rapid development of the co-operative, the high turnover of labour and the increasing complexity of organizational life necessitated the evolution of an informal management structure. The need for some of the roles within this structure was recognised by other members of the co-op, the need for others not. Whilst the co-operative needed the role that the manageress performed, this need was not widely perceived or accepted. Therefore the authority that the manageress needed to perform this role effectively was not legitimated by the co-operative: other members felt that she was "bossy". This non-legitimation seemed to have its origins in ideological differences concerning how the co-operative should be organized: a polarization seemed to exist between meritocratic and egalitarian worldviews.

The solution adopted by the co-operative to this issue was eventually determined by the importance of the role of the manageress at that period of the co-operative's life: no-one else in the co-operative realised the extent of the responsibilities of the shop manageress, no-one had the time to learn how to do her job or had either the ability or commitment required to learn it; therefore, she withdrew her resignation, her role clarified and formalised to some extent. Her deputy resigned from the co-operative.

The analysis of these organizational problems made in the preceding study characterized the two organizations in the following general terms.

At 'The Bean Shop', the economic performance of the collective was not seen as a problem until some time after the enterprise was founded, and it was probably the desire for permanence that contributed most to the re-evaluation of this issue. Until this time the social objectives of the early members of the collective had been imposed upon the organizational structure, irrespective of their commercial implications. The refusal to compromise on the lifestyle desired by the founder members meant that a division of labour and the development of a management structure would not be acceptable. However, the desire for permanence required that the collective appraise the impediments to the achievement of a securer, more permanent, status. However, by this time, all the founder members had left, many of the original objectives had not been achieved and there had been a tendency to emphasise the importance of informality within the collective. This undoubtedly contributed to the difficulties the collective experienced in deciding upon a course of action to take in response to the threat of eviction. More generally, it led to a blurring of individual and collective standards of behaviour. Terms such as 'trust', 'commitment', and 'providing a service', were for example, subject to continually changing definitions and re-interpretations, and it was difficult for the collective to establish a consensus amongst themselves about specific issues such as standards of behaviour towards customers, etc. Under these circumstances, the siege mentality that was displayed on occasions by some members of the collective seemed to serve as a unifying force: a sort of social cement that ensured the cohesion of what had otherwise become a group of people with fairly disparate viewpoints.

At 'Whole Grain Foods', the desire to reach the maximum number of people with the wholefood message ensured the continual expansion of the enterprise. This was accomplished with the aid of bank loans. High gearing was the price of expansion into bakery premises, the development of the cash-and-carry wholesale business and the growth in the number of members. The organizational efficiency necessary to achieve this rate of growth and profitability was, from the initial phases of growth onwards, due to the efforts of a small number of dedicated workers - initially, the partners - who assumed responsibility for the exercise of those tasks usually regarded as the province of management. The increasing success of the enterprise in commercial terms, however, seemed to be inversely related to the success of the partnership as, first, as a collective, and then later as a co-operative. Whilst the profitability and growth of the enterprise led

increasingly to relatively high wages and a number of fringe benefits not available to members of 'The Bean Shop' collective, there remained chronic problems associated with labour turnover, the lack of a coherent recruitment policy, the lack of consensus over aspects of the wage structure, and conflict over the internal objectives of the co-operative. Whilst the importance of the promotion of wholefoods was transmitted to newer members, the working relationships necessary or desired to achieve this were not effectively transmitted within the same common culture. Whilst there was general agreement about the need to educate the public about wholefoods, there were no similar attempts to educate new members about co-operative working practices. Therefore, for example, the main thrust of attempts to slow down the rate of labour turnover were economic rather than social and involved the further extension of salaries and differentials as an incentive for people to stay and attract new workers with special skills.

Given that the division of labour at 'Whole Grain Foods' had occurred early in the life of the enterprise as a response to an organizational need created by rapid growth, the later decision to re-register the business as a co-operative did little to change the structure that had already been established. Whilst the newly formed co-operative could decide upon policies, the alternatives available from which choices could be made appeared to be tightly circumscribed by the very commercial success of the enterprise. Demands for immediate equality of responsibility and pay within the co-operative, for example, were, under the circumstances that had been created, impractical and unrealistic.

The problems these two organizations faced in this first study provide a useful context from which the issues facing the same organizations four years later can be compared. In the rest of this section I will summarise these later issues. It will become clear in subsequent sections of this monograph that many of these later issues originate from the same underlying factors that contributed to the earlier set of problems. I will define these factors in the concluding section of the monograph.

### 'The Bean Shop': An overview of the major issues

Over the four years between the two studies the collective had managed to acquire new premises, and the problems of recruitment had been resolved, for the time being, through labour turnover. The enterprise remained both economically marginal and informal in character, and these features of the business were seen

by members as being an increasing problem. Some of the partners had acquired family responsibilities and the low wages paid were a growing source of discontent.

This was exacerbated by a view that the collective lacked appropriate business skills and access to such skills and capital. Attempts that had been made to expand the business had so far proved unsuccessful.

The informal character of the collective was seen as a problem because it contributed to a lack of clarity of procedure and made the co-ordination of decision making difficult. In addition, those interviewed regretted what they saw as a decline in the collective culture of the enterprise - both in respect of the closeness of the working relationships between members of the collective, and also due to the absence of other building users - and diminished opportunities for social contact with groups and individuals who shared similar outlooks and objectives.

#### 'Whole Grain Foods': An overview of the major issues

By the time of this second study, the planned rationalization and re-organization of the bakery had taken place (the bakery shop had disappeared and become part of an enlarged shop, from which bakery produce was not sold), and a professionally qualified baker had been appointed. The bakery's profitability was no longer in question. Although labour turnover had declined, (possibly due to a deterioration in the general economic climate and rising unemployment locally) and the shop premises now had a fairly stable workforce, recruitment procedures remained informal and little or no training was given to new workers. Most of the workers did not see pay-related issues as being of especial importance (1), and the two protagonists whose dispute had rocked the co-operative four years ago had both now left the business.

Despite these obvious changes, there was, as we shall see, a familiar ring to many of the issues identified by the members and ex-members interviewed for this subsequent study. All of those interviewed identified issues that seemed to be related in one way or another to the rapid economic growth of the business. This was therefore seen as a problem and a source of other problems: profit-margins were far below those anticipated before the major expansion of the shop/bakery premises took place, and this caused considerable recrimination and bad feeling between members of the shop and those now working at the warehouse. This added to difficulties experienced in respect of co-ordination and contact between shop and warehouse, which had now become both geographically and commercially two separate working environments.

Recruitment and training were identified as one of the causes of these difficulties by members of both the shop and the warehouse, though for very different reasons, as we shall see. In addition, members identified both the lack of clarity of objectives and poor decision-making at meetings of the co-operative as further contributing to the difficulties facing the business.

In the sections that follow, the causes and implications of these issues, and the relationship between them, will be discussed in more detail.

### Chapter 3 THE DEVELOPMENT OF THE ORGANIZATIONS AS BUSINESSES

This chapter will consider the development of each enterprise as a business. Using, as main indicators of economic performance, wages, profit and rate of economic growth (as measured by turnover), it will discuss the various problems each organization has faced in these areas and how it has tried to deal with them. It will also discuss and evaluate the relationship between the co-operative/collective structure of the respective enterprises and their economic development.

#### 'The Bean Shop'

##### a) Stock:

Goods sold at 'The Bean Shop' were bought wholesale on a weekly/fortnightly basis from several large wholefood warehouses situated in London. The person working in the collective's warehouse, usually Paul, was generally responsible for compiling the order of required stock. A van was usually hired and driven to London to collect the order. In addition, bulk orders of products on which there was a greater turnover, such as oats and cereals, were sometimes delivered and some additional stock was occasionally purchased from the 'Whole Grain' warehouse. The sacks of goods bought wholesale were stored and packed at the warehouse - primarily by the warehouse worker - and delivered to the shop as and when required, but usually on a weekly basis.

##### b) Sales, Expenditure and Profit:

For the year ending 1984/5 'The Bean Shop' achieved a turnover figure of £103,030. Stock purchases for the year were £78,089, and once adjusted to add the opening stock figure (£7,077) and subtract the closing stock figure (£7,410) the gross profit figure for this financial year was £25,274. Expenditure for the year amounted to £17,440, of which the main items were rent and rates (£5,447), packaging costs (£3,061), transport (£2,731), and wages for casual workers (£1,741). Following the accounting conventions for a partnership, the net profit figure of £7,834 included the payments for the wages and National Insurance contributions of the partners/full-time members of the collective.

When compared with the previous financial year, although turnover (as represented by sales) increased by over £25,000 and the gross profit figure increased

by over £4,000, the net profit figure was increased by only £572. This was primarily due to an increase in expenditure in several areas of the business, notably wages for casual workers, transport costs, bank charges and packaging costs.

c) Clientele and advertising:

The collective had always tried to keep their retail prices as low as possible to attract trade from poorer sections of the local community. Subjective impressions gained during the earlier study did seem to indicate that a large proportion of the collective's custom came from students and pensioners. It was not possible to assess whether this was still the case, however.

Advertising had always been relatively low-key - members of the collective shunning the high-profile hard-sell approach to advertising. A regular advertisement in the local alternative newspaper, plus occasional leaflets produced by the collective and distributed in the shop, advertising their product range, explaining how they worked together, and stating some of their aims, were the favoured techniques employed.

d) Wages and conditions:

Though functioning as a collective, for tax and insurance purposes the full-time partners were self-employed. The basic rate of pay was £40 per four day week. In addition, the collective had recently introduced increments for length of service: £1 per week extra for each year of service.

In addition to the full-time partners, the collective also had one part-time partner - an ex-full-time partner who did most of the bookkeeping and routine administration, and also employed a small number of people on a casual basis. Both the part-time partner and most of the casual workers were connected through family or other relationships with full-time partners, and their rate of pay was £8 per day.

The hours of work were from 9.30 am until 5.30 pm and a rota ensured effective cover when this became necessary.

e) Sources of finance:

The collective had always relied primarily on two sources of finance: bank loans/overdraft facilities and loans from partners and friends. Loans were not a condition of membership of the collective or acceptance as a partner. At the time of the study the collective did not have a bank loan but did operate an overdraft facility. Personal loans, usually made on an informal

basis, amounted to nearly £3,000 at the end of the last financial year.

f) Objectives, development and analysis:

A complete understanding of the business requires, in addition to the figures provided above, some of awareness both the more significant business decisions taken over the last several years, and their consequences, and of the major business objectives of the partners.

Of overriding importance to these objectives and decisions was the eviction of the collective from the premises they had occupied since the venture had been established. The service orientations of the collective did not allow for the accumulation of a capital reserve that would have enabled them to find alternative accommodation, and it was largely fortuitous that they were offered suitable premises nearby at a rent they could afford.

Although the major aims and objectives of the collective were never systematically re-evaluated, the early aims were highly ambitious and therefore few were accomplished to the satisfaction of the collective. Although it did not formally abandon these aims, their non-attainment did allow individual members to re-interpret, re-emphasise, and re-define what they considered to be the most important objectives. One most important change in this respect was a desire to receive better pay, as indicated above.

What happened was that the collective started to take the business 'more seriously' - Paul's comment was typical:

"When I started I thought it was the cushiest job I'd ever had, but it's gone from the easiest to the hardest... for a variety of reasons... losing Albert Street... (the old premises) that cost us much money. The separate warehouse caused more work, having kids meant earning money was more important. Reductions in personnel... (have not helped) it's been difficult... touch and go at times..."

Summing up the major changes, Paul suggested

"We've become more careful. Economic necessity has required the collective to become a business."

This was reflected in what he felt was the current major objective of the collective:

"...to expand to the point where it gives us a decent income... but I don't want to compromise our ideals to get there."

Jeff expressed himself in similar terms: for him, the overriding objective of the collective was

"...the growth and support of its members... service to the community is still a basic tenet... but family responsibilities have shifted my attitude a bit."

To improve profitability to enable the collective to obtain better financial rewards, various attempts had been made to expand the business.

- a) A second shop. The decision to establish a 'branch' of 'The Bean Shop' in a lock-up shop in a different part of the town was taken three years ago, and as I have suggested already, was not made on purely commercial grounds. At that time, a second shop also seemed like a good way of creating more paid employment, and, as part of a possible future 'network' of small, local, federated shops, would fulfil both the 'community-minded' and the 'service' orientations of the collective.

Premises were found, converted and stocked, but failed to generate enough trade to be a commercial success, and were closed within two years of opening. The collective acknowledged that this venture had been a bad decision: as Jeff put it,

"...we burnt our fingers over our attempts to expand at 'Boston Road'..."

The collective felt that a major construction project in the area had been the major contributor to the shop's demise:

"'Boston Road' was a gamble which failed to pay off. It might have been OK but when they started building Sainsbury's the traffic problems while they were building the gyratory meant that we lost nearly all our out-of-town trade."

Another factor cited was the unforeseen costs, of being 'landlords' - the shop's lease also gave the collective responsibility for a flat above the shop which housed sitting tenants. Finally, its geographical isolation may have meant that members of the collective were more reluctant to work there: as Mary, Paul's girlfriend suggested, "...there was no-one to make it look nice..."

b) Wholesale selling. For Jeff, wholesale selling was likely to be an area of the business that would expand further in the future; there had been, he said,

"A shift more into wholesale and distribution to corner shop retailers, though we don't make much on it yet."

One possible difficulty with this future strategy, however, would be that larger wholefood concerns (like, for example, 'Whole Grain Foods') could buy stock in larger quantities, at bigger discounts, and therefore be able to reduce prices further than the collective and maintain adequate profit margins.

c) Changes to stock range and increasing turnover. The collective had made some effort to increase the range of the goods they sold. There was some recognition, however, that in doing this they may have compromised some of the earlier ideals about the sorts of foods the shop should sell. Paul was pragmatic about this:

"They were a lot more puritanical in the old days... It seems silly to deny people when they'll get (what they want)... elsewhere. We do draw the line at colourings and flavourings..."

Although as indicated already, the collective were successful in increasing turnover, net profit for the previous financial year did not increase correspondingly. This was because of extra expenditure incurred by the collective: more labour time meant an increase in wages for 'casual' workers; metrification and weights and measures legislation meant that the collective spent more on packaging, labels, etc. Fluctuations in the value of major European currencies (affecting the price of imported stock) may also have hampered the collective's efforts to realise a greater return.

It must be concluded therefore that, in most respects, attempts to expand the business yielded a poor return. Three factors can be suggested in mitigation.

Firstly, changes in the economic climate must have had some effect upon those sections of the local community that 'The Bean Shop' traditionally tried to serve. In addition, the area has experienced the proliferation of several small wholefood shops, providing some local competition which was absent several years ago.

Secondly, the collective have always held on to the service orientations established early in the life of the collective. Trying to provide this service may

have led the collective to underprice, particularly in previous financial years. The collective remained, however, clearly proud of its continuing street credibility amongst its customers. Paul spoke humourously about a customer who one day announced,

"... I've just nicked my week's shopping from 'Whole Grain' and now I've come to buy my breakfast..."

Thirdly, the collective could probably have been assisted by the provision of an effective and reliable business advice service locally. Neither the Local Enterprise Agency or Co-operative Development Agency had so far proved of much value to the collective. Both Jeff and Paul felt that the business was undercapitalised, and both felt that with the right kind of financial backing they could improve their business. At the same time, Jeff felt that the collective had a lack of

"... primary business experience and skills..."

which handicapped the business even more. Access to such skills was seen as the principal problem, as the sorts of advice given to conventional businesses were often completely inappropriate and too expensive to obtain. According to one of the partners, several years ago an approach was made to a small business advice service about sources of finance. One piece of advice in particular was remembered: '... don't tell anyone you're a co-op.' In addition, the collective did not consider the recently established Co-operative Development Agency could be of much use. As Jeff observed, ironically,

"They send people along to us for advice!"

It is impossible to detail precisely what sorts of skills were absent and needed on the basis of this research. It is probable, however, that unless such skills are made available on an affordable basis, adequate levels of finance for future expansion would remain unobtainable.

#### 'Whole Grain Foods'

As should already be clear, 'Whole Grain Foods' was effectively three businesses in one: a shop, a bakery, and a warehouse.

##### a) Stock:

Most of the co-operative's stock was ordered and collected by, or delivered to, the warehouse. The bakery and shop then ordered, in the same way as other wholesale customers, the goods they required, which

were then packed and delivered by the warehouse. Though in this respect the shop and bakery were treated no differently from other wholesale customers, they were given a more generous discount as the largest customer of the warehouse. Distribution of wholesale and pre-packed goods from the warehouse was by means of a small fleet of lorries and vans owned by the co-operative. "Whole Grain" was also able to import large quantities of rice, pasta, and other goods due to the size of its warehouse, though just before the research took place, two members of the warehouse team, Simon (the remaining founder member) and Marion (formerly in charge of the packing operations) left the co-operative to establish their own, privately run company, specializing in organic food imports, packaging and distribution. Although this new company continued to share the co-operative's warehouse space (2) (this was rented to them), it was too early to say whether this would interfere with the co-operative's own ability to import goods. Simon's departure may have had some damaging consequences, however, as most of the contacts made in Europe and America for importing purposes were his.

b) Sales, Expenditure and Profit:

Taking the business as a whole, for the year ending 1984/5 'Whole Grain Foods' realised a turnover of £1,199,347. After deducting the costs of stock and raw materials, the gross profit figure was £283,649. Expenditure for the year amounted to £259,215, plus £17,626 interest and repayment on a medium-term bank loan used to finance the expansion of the shop three years ago. Major items of expenditure were wages and National Insurance (£131,181), rent (£5,799) rates, (£11,792) and transport costs (£24,682). This left a net profit figure for this financial year of £6,808.

When compared with figures for the previous financial year, turnover, (as represented by sales) had increased substantially, leading to an increase in gross profit of £67,403. Net profit increased by £6,233.

These figures can be understood better if broken down into figures for the warehouse and figures for the shop and bakery.

- (i) The bakery/shop: the shop's turnover figure for 1985 was £462,065. The gross profit for the year was £143,585, an increase of £31,343, which realised a net profit of £15,391. This was a dramatic improvement on the previous year when there had been a small net loss of £1,737.

- (ii) The warehouse: warehouse turnover in 1985 was £938,216. Gross profit was £140,064, an increase of £36,060. The net figure was a loss of £8,583, compared with a net profit the previous year.

Both the loss made by the shop in the year ending 1984, and that of the warehouse in 1985 were attributable to the fact that the gross profit margins were less than expected. There may have been several possible reasons for this: that stock was being stolen, that the business was being invoiced for goods that it never received, or, due to inadequate stock control procedures, that the figures themselves were unreliable. Although the co-operative had not established, by the time of the research, how such losses could be accounted for, a tightening of stock control procedures at the shop did coincide with a much better gross profit margin.

c) Clientele and advertising:

Subjective impressions indicated that a large number of 'Whole Grain's' customers were aged between 18 and 40. It may be possible to speculate that this age group formed the largest proportion of a growing number of consumers of wholefoods.

Until recently, 'Whole Grain' adopted the same, rather low key approach to advertising as 'The Bean Shop'. Responding to the growth in the wholefood market the business both expanded fairly rapidly and also adopted a more positive approach to advertising. It is important to note that this was consistent with one of the major early objectives of the co-operative, as stated in the Rules:

'2. The objects of the co-operative shall be to carry on the business as a bona fide co-operative society of (a) Manufacturing or selling wholefoods, culinary equipment and literature of the highest possible standard, at reasonable prices, providing the service of information and education on the growing, selection cooking and eating of daily food.' (Extract from the Rules of 'Whole Grain Foods')

This had taken various forms: the improvement of labelling and packaging of goods, maintaining contacts in the press for articles in specialist and non-specialist magazines, and participation in National marketing exhibitions for wholefood traders, for example.

(d) Wages and conditions:

The co-operative operated a relatively complicated wages structure. Firstly, there were differentials between probationary workers (i.e. workers not yet

having completed six months of satisfactory service as laid down in the contract of employment), shop workers, bakery workers, and warehouse workers. These basic differentials were as follows:

Probationary workers: (a) Shop: £95 pw  
 (b) Warehouse and bakery £100 pw  
 Shop workers: £100 pw  
 Bakery workers: £110 pw  
 Warehouse workers: £110 pw.

In addition, the co-operative also had different salary scales, which had been introduced since the first study, but remained somewhat controversial. They were intended to reflect differing lengths of service and different levels of responsibility, whereas the differentials were intended to reflect different working conditions. These salary scales were as follows:

Scale 1: £110 pw  
 Scale 2: £120 pw  
 Scale 3: £130 pw  
 Scale 4: £140 pw.

Scale 4 was the maximum salary received by anyone working in the co-operative during the interview period, although Simon had been receiving a Scale 7 rate of pay (i.e. £170 pw) until his departure. The specific criteria by which individuals were judged for the different Scales of pay were unclear, but seemed to rest upon a combination of several factors, including skill, the extent to which a member's responsibilities were visible or invisible, judgements made on the character of a member, need (i.e. dependants), length of service.

These rates of pay were based upon a five day, 37½ hour week, although some of the shop workers worked only four days. A number of members of the co-operative also put in, when required, overtime on an unpaid basis in addition to these hours.

The co-operative also employed a number of casual workers, primarily in its packing department, who were paid £13.50 per day.

(e) Sources of finance:

'Whole Grain Foods' had three sources of finance. Firstly, there were loans made to the co-operative by members, ex-members or friends, on privately agreed terms. Secondly, the co-operative operated a compulsory savings scheme whereby members of the co-operative contributed £5 per week out of their wages, deducted at source, until a limit of £500 had been reached. This sum was returned to the member with interest when he/she left the co-operative. Thirdly,

the co-operative also used bank loans and overdraft facilities. The single major source of finance was the bank, which financed the expansion of the business with a medium term loan of £120,000. This capital was raised with some difficulty, as the co-operative's original bank insisted upon a debenture which would have been against the Rules of the co-operative. 'Whole Grain' then approached the local Co-operative Bank, whose terms were acceptable, and its account was transferred accordingly.

(f) Objectives, development and analysis:

The major expansion of the co-operative over roughly a three year period was regarded by all the members of the co-operative as the greatest single issue with which the co-operative has had to deal. Most of the other problems mentioned by those who were interviewed seemed to be related in one way or another to this issue.

The expansion of the business was almost entirely due to the efforts of Simon, whose official title within the co-operative was that of 'development worker'. He played a major role in initiating this growth, and was more or less solely responsible for the planning, financing and administering of the building work, the obtaining of alternative premises for the warehouse, and all the major entrepreneurial decisions affecting this expansion. This role was determined by three major factors: his undoubted talents as an entrepreneur, his length of service and the understanding this gave him of the co-operative, and his continuous high level of responsibility. In addition to these qualities, Simon strongly endorsed the objectives of the co-operative as laid down in the Rules and quoted already above, and felt that the expansion that took place was mainly to pursue and fulfil these objectives. For Simon, both the reasons he had remained in the co-operative, and latterly, the reason for his resignation, was to pursue the same objective:

"... the reason I'm doing it is because I believe in it... I don't think that's true of everyone... although it's true of everyone here to some extent... I think people don't believe in that thing so much... there's much less belief in food than there was.. I think people had much more conviction about the thing in those days than they do now... my view of it is that when the co-op started the objectives were those stated (in the Rules) and the secondary objective was to do it as a co-operative. The principal objectives in my opinion were to do with food and health and

so on. Being a co-op was a nice way of doing it... over the years the socialist concept of the co-operative has come to the fore: especially in the shop... the shop is now much more radical in political terms... there are people within the shop who see that as being more important than the food side..."

Other members of the co-operative were also in favour of the expansion of the business, but for different reasons. Ian, the ex-warehouse manager, articulated the views of several other workers, particularly in the warehouse, when he suggested

"I think that the majority of members of the co-op set out - and that of course includes the shop because they're a majority... I think the majority of people in the shop have always wanted it to be a place where they're happy with their working conditions... and be a part of their social life... I don't think most members of the warehouse... would mind one way or another whether it was a co-op or not... I saw the main aim as to make it a success... so my objective was to get a good living wage for myself and for everyone else that worked there and to make the place a successful business... and my interpretation of a successful business is one that can afford to pay its members more than a living wage - a wage that will enable them to live comfortably... that's never ever remotely come anywhere near coming about."

Yet as I have already suggested, this expansion created major difficulties. The principal of these was the lack of understanding of the degree of financial expertise required to cope with the much larger business. This problem was amplified by what people felt was either Simon's inability, or unwillingness, to share the skills that people felt he possessed, with others. As Sarah, the ex-shop manageress, put it,

"It (the expansion) was done very arbitrarily. It was towards the end that Marion and I got involved and it was basically because Simon was off making all the decisions... He didn't take or keep (control) deliberately. He's always delighted when someone else wants to take on management... but most people can't do that, they're not confident enough. They need training and Simon doesn't know the meaning of the word and doesn't realise... that most people aren't like him and... I think it's different because he started it off... very

few people there now would have the confidence to make the decisions that he's making on their own because they wouldn't feel they had the right to. But he's always been really pleased... he's always said, he's not keeping control... and I think that's correct... it's just that there's no-one who will come up and join him, if you like... but that's very difficult because he's in such a rush to get on with things. He's not got time to report back... even report back, let alone nurture people, if you like... he expects people to catch on straight away and there aren't that many people who are that quick."

Sarah and Clare both joined the co-operative before the expansion took place, and whilst both took on various office responsibilities soon after joining, they found it difficult to become involved in the development work:

"He (Simon) had a development fund (a separate bank account to pay for the building work) which he never attempted to explain to us. The only time he ever said anything about the development fund was... 'My God, we're spending lots of money don't tell anyone or they'll stop me!' ...he had a separate account and kept accounts for that which he never showed to anybody."

The problems of routinizing entrepreneurial decision making and making Simon, as entrepreneur, accountable to the rest of the co-operative remained after the development work had been completed, and there appears to have been a major competence gap between Simon, who continued to function as entrepreneur and those members of the co-operative who were left with the task of establishing systems for dealing with the more complex requirements of the larger business. Whilst the shop workers were still in the process of trying to adjust and find their feet, Simon's time was still taken up with the development of the warehouse: first at one premises, and then another, larger building.

The effects of the expansion of the warehouse were several: an increase in stock, stock turnover, the expansion of employees of the co-operative working in the warehouse from two to eight workers in a relatively short space of time, and the transfer and expansion of the packing department, as packed goods were sold wholesale rather than, as before, simply being packed in a room at the back of the main shop to fulfil the requirements of the shop. The increasing size of the packing department led to an increase in the number of

casual workers employed by the co-operative: what was originally intended to be a temporary arrangement that worked to the mutual advantage of both the co-operative and friends of members of the co-operative slowly became a more integral part of the business. Few members of the warehouse team seemed aware of the potential problem this arrangement posed, however.(3)

Whilst the expansion of the warehouse was taking place, accounts for the shop's previous financial year (1984 - the first after the expansion of the shop had been completed - see above) revealed that the shop had made a net loss. The reaction of some of the warehouse workers, notably Ian, (the ex-warehouse manager), deserves comment. Ian in particular was highly critical of the way in which the shop was managed, the 'incompetence' of some of the shop workers, and in more general terms about the whole ethos of co-operative organization. For Ian, the shop's problems in this respect (at the time of the interview, the profitability of the warehouse was not in question) was largely connected with the attitudes and lifestyles of people working in the shop. Ian felt that it was likely that these attitudes created a climate of opinion in which customers, and possibly some of the workers, were likely to steal - which was, in his opinion, why the shop was unprofitable:

"...I should imagine that everyone there has slept with everyone else there... it's only two years ago I equated this with... stealing... if you've got the sort of attitude that that's OK, then you'll probably be inclined to do other things that are OK... I thought the whole thing at 'Whole Grain' invited people to steal money from it."

There was, in fact, no clear evidence that the drop in profit margin was attributable to theft; this was because at this time stock control and bookkeeping systems had not been revised to cope with the changed size of the business. In spite of this, few of the newer workers in the warehouse had access to a different point of view because there was no regular contact between shop and warehouse workers, and, as suggested below, the personal objectives of these new workers were somewhat different from the personal objectives of the shop workers. Sarah, who was shop manageress at this time, felt that, in hindsight, the major problem had been the lack of financial information made available to members of the co-operative by the person who seemed to understand the co-op's finances best, Simon. She put it this way:

"...Simon was off making all the decisions... Simon was terribly excited about the whole

thing and everyone else was uninterested... it wasn't until I got involved... right at the end, that I realised... he's taken control away from everyone else and everyone else was really bored with it and he couldn't understand why."

At the shop, during this period, a significant turnover of labour meant that, in addition to the competence gap between Clare, Sarah and Simon, there was a similar disparity in experience and confidence between Clare, Sarah, and new workers. The pressure of work, in turn, had the result that there was scarcely any surplus time in which these two key workers could pass on their knowledge and experience: a situation that continued to some extent. Jenny's comment was very typical:

"I wish, I really wish I could... had.. more knowledge on that side of things, just to help out, really... things like business courses are related to 'normal' businesses... I was going to do a co-op course in London but it was cancelled. That was actually a co-op business course... I would like to do one but it's... time and money... and also, you get very short-sighted when you're working every day and... it's just getting the money in the till... which is probably one of the biggest problems at 'Whole Grain' - the lack of a long-sighted view."

The enormous responsibility placed upon them at this time remained a vivid memory for Sarah - with one particular realisation:

"The one thing I want to say about Simon is that he didn't have any more understanding of the finances than anybody else... he wasn't a financial 'whizz-kid'... and that came home very clearly to me over the loss... he couldn't explain the loss any more than anybody else so we were at sea, really. I always felt that Simon would sort everything out but he couldn't. I realised I was going to have to take on responsibility more than I had... I just felt before then I'd just been 'playing at shops'... he (Simon) rushed on too fast for everyone else... and he left us with a terrible legacy, really, of chaos - I mean Clare and I, it was too big for us, what we were left with after the shop development - and then we got blamed for the loss, and that was just too much..."

It was perhaps remarkable that, in these circumstances, the shop was able to reverse its fortunes so quickly.

Ironically, by the time this change had occurred, the warehouse itself was in financial difficulties, and the co-operative still had to decide upon a course of remedial action by the time the research took place. George's comment upon the warehouse's difficulties bears a striking resemblance to comments regarding the shop:

"...it's grown too quickly to be containable by the people doing it. We've kept pace with growth but at the cost of financial understanding in the broader sense: it's become like a production line without any control over what's happening."

(George, incidentally, was not one of the warehouse workers most critical of the poor financial returns made by the shop a year previously.)

The general control and management of the co-operative's finances remains a problem for its members. Marion (the ex-packing room co-ordinator) succinctly framed the parameters of the issue:

"There's always only been a couple of people involved in finance. ...the reason is that it needs to be kept together, and that requires continuity. I can't see it being rotated. Also, skills are important: some people are better suited to (these sorts of roles) than others."

It would be unwise for any co-operative to underestimate the difficulties involved in managing finance in a democratic manner.

In summary, the contrasts between 'Whole Grain Food' and 'The Bean Shop' are quite stark in respect of the development of the businesses. It is interesting to speculate if the growth of 'Whole Grain' would have occurred at all, however, had it not been for the efforts of Simon. Whilst like 'The Bean Shop', 'Whole Grain' did experience some initial difficulty in attracting finance for expansion, the main area of difficulty for 'Whole Grain' was not obtaining finance, but in planning the expansion and anticipating and preparing for some of its consequences. Like 'The Bean Shop', it appeared that 'Whole Grain' lacked certain business skills, particularly those associated with the management of finance. In general terms, it does appear that some of these difficulties could have been avoided had Simon been more accountable to the rest of the co-operative, or a representative part of it. To even begin to reduce the competence gaps between Simon and one or two other key workers, however, would not be easily accomplished. It would be insufficient for the co-operative to insist upon the accountability of its

key workers. At the same time, it would also have to address itself to the issues of recruitment and training: raising standards of skill, confidence and motivation amongst the majority, rather than only impeding the initiative of a minority. These two questions of training and recruitment are taken up later in the text.

## Chapter 4 THE DEVELOPMENT OF THE ORGANIZATIONS AS A COLLECTIVE AND AS A CO-OPERATIVE

This chapter sets out to consider the development of the two enterprises as, respectively, collective and co-operative. Focussing upon the legal statuses, organizational structures, and decision making structures of both organizations, it will evaluate the problems and obstacles to the operation of collective/co-operative working practices, and suggest possible underlying causes for such difficulties.

### The Bean Shop

#### a) Legal Status:

'The Bean Shop' is registered as a partnership, which at the time of the research consisted of three people, two full-time and one part-time partners. In addition, one other full-time worker was employed and two part-time casual workers were employed and were apparently becoming more involved in the affairs of the collective. Although a partnership in law, the partners do consider themselves to be a co-operative or collective in spirit. 'The Bean Shop' was clearly established with democratic and egalitarian principles in mind, but at the time of its formation, the variety of Model Rules now available did not exist. Several years ago members of the collective at the time did consider the possibility of converting the business into a registered co-operative, but final agreement on the Rules to be adopted could apparently not be reached, and the idea was shelved anyway because it was felt that the effort and the expense outweighed the benefits that would accrue. Although existing partners did express some interest in considering a change in their constitution, they were nevertheless sceptical about the possible advantages re-registration would confer and were aware of the difficulties and costs attached to conversion. Members of the collective who were not partners, Alan, Jamie and Liz, would be likely to be offered a partnership in the business, in line with tradition, subject to the business being able to afford more partners and to their having served a successful 'apprenticeship'.

#### b) Organizational Structure:

The most noticeable feature of the organizational structure of 'The Bean Shop' was its relaxed and informal nature. The collective held one meeting per week to which all members of the enterprise - full-



time, part-time, or casual could attend. In practice the part-time partner, Kathy, did not often attend, instead looking after her and Jeff's young son. The meeting usually occurred on Monday evenings, after work, and was often held in a local pub. As well as dealing with organizational, financial, business, or other issues, this meeting was also regarded as an opportunity for the members of the collective to meet socially: an opportunity that was enjoyed because the geographical dispersion of the collective meant that everyday contact between workers was fairly limited. The agenda for such meetings was decided by the members before the meeting, minutes were taken and kept in a book for the purpose, and informally chaired, when this was felt necessary, by Jeff or Paul.

The current organizational structure seemed to differ markedly from that of several years ago: both the number of meetings, their type, scope and purpose were different. Up to 1978 three types of meetings were held fairly regularly: shop meetings, building users meetings (for all the groups and individuals sharing the old premises) and, less often, policy meetings, again, involving all members of the wider building users collective.

c) Work Organization:

There were three basic types of work at 'The Bean Shop'. Firstly, there was shop work: serving customers, dealing with customer queries, ensuring the shelves were kept well stocked and ordering fresh stock from the warehouse when required, tidying and cleaning the shop at the end of the day, recording and banking the days takings, etc. Second, there was warehouse work: packing and labelling goods, ordering and supervising the collection of goods, storing stock, ensuring its effective rotation, sales of stock to retail customers and outlets, etc. Finally, there was office work: amongst the various administrative duties this entailed were payment of invoices for goods received, dealing with general correspondence, keeping the books up to date, bank reconciliations, etc. Although all the partners, full or part-time, knew how to do each others tasks, normally a division of labour between these three main working environments did exist: Paul worked in the warehouse, Jeff in the shop, Kathy in the office, keeping the books and performing other office duties, and Alan, Jamie and Liz filled in where necessary. In addition Alan, the only member of the collective with a driving licence, drove into London regularly in a hired van to collect stock. Commenting on this state of affairs, Paul suggested

"Things have got more specialized through being in two different places. Jeff works

mainly in the shop. I work mainly in the warehouse... for a number of reasons, but mainly because I can't stand customers and Jeff can't stand dust!"

Although all members of the collective seemed happy enough with the division of labour which existed, current working practices did represent a shift from the attitudes expressed by members in the earlier study, in which specialization was consciously avoided to prevent the formation of hierarchical power structures.

d) Decision making:

Although in theory important decisions affecting the collective were made collectively at the weekly meeting, the definition of what was an important decision remained fairly unclear. Formal decisions made at the weekly meeting were, however, always made by consensus. As Paul put it,

"Some decisions are made independently on the spur of the moment... people take these sorts of decisions if they feel they can justify it afterwards (in meetings)."

Although none of the members of the collective felt that they were unable to influence the decision making process, it was clear from the interview held with all full-time members of the collective that Alan spoke much less than Paul or Jeff. Both Paul and Jeff were aware of this, and Paul was at pains to point out that this was

"...not due to any kind of oppression - he does get encouraged."

Jeff also acknowledged the possibility that someone within the collective might have disproportionate influence. Using his own role as an example, he suggested:

"I can put a case persuasively before meetings, but no - I don't think I can influence meetings to the extent where I can achieve a result that would personally benefit me and not the co-op... hopefully, I wouldn't try."

e) Objectives, development and analysis:

Whilst the collective appeared to have clearly articulated financial objectives, and also strongly endorsed the service orientations established early in the life of the business, the collective's objective as a collective were not articulated in the same way. Paul and Jeff, as longer serving members, regretted, in different ways, what they saw as a decline in the

collective culture of the enterprise. This did not mean that the members of the collective who were interviewed were dissatisfied with working at 'The Bean Shop' - as Paul suggested,

"...it's nice to go to work Mondays without feeling miserable about it... work is something positive rather than negative..."

There were certain aspects of working which were felt to be dissatisfying. For Jeff, working at 'The Bean Shop' was experienced as

"...both satisfying and dissatisfying... I'm reasonably satisfied but disappointed with the result."

Paul, similarly, felt that working at 'The Bean Shop' was

"...the most satisfying job I've had. But it's still not ultimately satisfying."

It is possible to suggest several reasons for the decline in the collective culture of the enterprise that was also apparent in the first study. First, and perhaps most important, there was a failure of the collective to achieve most of the early, clearly formulated and expressed, aims. This appeared to lead to a decline in the frequency with which building users meetings were held, and a gradual disintegration of the idea of running the building as a collective. The eviction and move to smaller premises effectively curtailed such activities completely. Secondly, I was aware that the interviews with the members of the collective took place only a few months after fairly major internal tensions and rows, the wounds from which may have only recently begun to heal. Paul, for example, mentioned arguments with Jeff as being of considerable significance in this respect:

"...rows with Jeff over ways of doing things... but we patch up differences because we have to and because we want to... after a day or so we get more sensible... there's nothing irrevocable and no recriminations."

Finally, and paradoxically, the small size of the collective and its informal character may also have contributed to the decline of what I have described as collective culture. It may have been that members of the collective did not feel the need to establish a formal declaration of its objectives as a collective, or, if some members did feel such a need, it may have been difficult for them to initiate discussion about such objectives.

It is possible to speculate that there may have been one major reason for this. In general terms, although there appeared to be no readily available set of collective aims as such, there was an underlying principle that seemed to emerge from the data collected, and confirming observations made in the original study. This could be described as essentially a libertarian belief that the major purpose of the collective was to maximise the personal fulfilment of its members as individuals whilst at the same time fostering and encouraging a sense of personal responsibility and a spirit of mutual aid. Evidence of this principle was apparent in several of the answers to questions given by those who were interviewed. For example, in answer to the question "How would you explain what a collective is to a friend that had no idea what one was?" Paul replied

"Just a business run by people with equal responsibility and an equal say... the benefits of self-employment without the entire responsibility for it."

Jeff's answer to the same question was quite similar:

"...I'd start off with liberty... the freedom of the individual... and end up with responsibilities."

A similar sense of individualism seemed to underlie the explanations people gave for continuing to work in the collective: For Jeff,

"I've stayed because it suits my temperament... working in a collective makes me unemployable... my own attitude is mainly to blame, but after ten years of working in co-ops most employers would regard me as unsuitable..."

Paul suggested that a major reason for his continuing to work in the collective was

"...to earn enough to provide for my family. A co-op is the best way to do it... but I wouldn't work if I didn't need the money..."

At the same time, however, there were certain misgivings about this state of affairs. Jeff put it this way:

"...I'm not entirely happy about the freedom I've got at 'The Bean Shop' to develop my own role: I feel I have to behave myself all the time. I have to make the effort not to use my skills to steer the collective in the ways that I want: I want the collective to have

more authority, but (that) will be difficult because I've been there so long."

For Paul, decision making was also highlighted as problematic:

"...the big problem with three people in the collective is that there's ...(sometimes)... no room for argument - you either all agree or else it's two to one... with more people there could be a more vigorous examination of the point under discussion."

If this hypothesis is accurate then it is possible to offer an interpretation of some of the major conflicts between members of the collective - particularly those involving Jeff and Paul, cited above, about ways of doing things as instances where personal objectives have become confused with collective objectives: where the interests of the individual - sanctioned as having paramount importance within the collective framework - come to interfere with, and possibly undermine, the collective framework itself.

The ambiguous relationship between collective and individual objectives was also confirmed through difficulties identified in respect of the co-ordination of decisions. For Jeff, this was the aspect of working in the collective he liked least, referring to

"The amount of time wasted on miscommunication and people not doing it right."

At the root of the problem, he suggested, was that there were

"No criteria for distinguishing meeting decisions from individual discretion... though there is an unwritten law that any decision affecting finance, the style of the place... has to go before a meeting."

Both Paul and Jeff felt that the process of decision making by consensus was problematic in certain respects, particularly in a collective as small as 'The Bean Shop'. Jeff spoke in general terms about a tendency of co-ops and collectives not to argue the point, adding that

"It's difficult to slag your friends off if you think they're doing something wrong."

Paul also felt, as I have suggested already above, that the small size of the collective generated little scope for a vigorous examination of the point under consideration. It is possible that this may also have been related to an absence of agreed channels for dealing with disagreement and a tendency - perhaps

resulting from the suggested ambiguity between collective and individual objectives - to personalise issues. This could be expected to intensify conflict and make it important for all members to try to avoid it. As Paul put it,

"Jeff has more of a dominant personality but if I know I'm in the right I won't back down - but if there's two sides to the argument, I don't see it as so important to argue."

Finally, the relationship between formal and informal - clearly an element in the issues discussed above - deserves further consideration. This issue was particularly noticeable with respect to the recruitment and training of new workers, and the ways in which the collective's disciplinary procedures were enforced.

Recruitment of new members to the collective had, since the collective was established, been on a completely informal basis. New workers and prospective members were invariably introduced to the collective by existing members, with whom they were on friendly terms. There was no agreed trial period within which prospective members could be evaluated for suitability, no recognised mechanism or criteria for such an evaluation, and no agreed length of time by which prospective members of the collective who worked as volunteers would be made into partners or receive some financial reward for their efforts. Jeff cited two examples of problems that this had caused in the past. The first, which occurred several years ago, was of a person who had been closely involved, albeit as an outsider, for some time. Whilst all the members of the collective at that time felt that due to his personality, electing him for membership of the collective would not have been a good idea, it was very difficult to say this to the person directly. The issue was therefore postponed for some time. When, one day, it was tackled, all the members of the collective "felt bad about it" afterwards. The second incident, which occurred more recently, stemmed from the acceptance of a friend of one of the partners by default which led to conflicts at a later date which were only resolved by her departure from the collective.

Training of new members of the collective was also informal, and it was generally felt that the best way for new workers to learn was by examples. Formal instruction was perfunctory and relied heavily upon the new member of the collective being able to ask the right questions.

Disciplinary procedures were also problematic because of the informal character of the collective. As Paul indicated,

"...there's no formal structure... (for disciplinary procedure)... the response varies from a quiet word to a mouthful of abuse!"

In summary, the most significant feature of the collective was its informal and 'individualistic' character. On the positive side, this character had the potential of allowing its members to develop the business in line with their personal objectives and relatively free from the constraints imposed by any collective will. On the negative side, there was no legitimate authority for partners or other members of the collective to invoke to resolve differences of opinion, disciplinary problems, recruitment procedures, etc. This, in turn, had the possible result that the idiosyncracies of members were tolerated until, or unless, they were grossly disruptive. Finally, whilst allowing partners to substitute personal for collective objectives, the principle of individualism may also have acted as a presuppositional consensus - a kind of short-circuit in organizational communication - that stifled proper debate and constructive exchanges of view.

### Whole Grain Foods

#### a) Legal status:

'Whole Grain Foods' was originally established as a partnership but after several years of operating in this way re-registered as a co-operative under the 1977 ICOM Model Rules. The number of full-time members has fluctuated over the last three years, but at the time the research took place the co-operative had nineteen full and six part-time workers, and a small number of casual workers. This was an unusually low number and is explained by the departure of four members within the space of one month of one another. The co-operative deployed casual workers occasionally in all the main areas of the business, though only in the packing department of the warehouse were casual workers employed on a regular basis.

#### b) Organizational structure:

'Whole Grain Foods' had a relatively complex organizational structure. Firstly, all the main departments of the co-operative; shop, bakery, warehouse and packing room met regularly, weekly or fortnightly or more frequently if necessary. Some of the meetings took place in working hours, others took place in the evening or on half-day closing days. In addition, the shop and bakery staff also held South Road meetings occasionally, to discuss matters affecting the shop/bakery premises. The co-operative

also had an elected Committee comprised of members from all the main areas of the business. The Committee of the co-operative was responsible for the overall management of the co-operative, particularly its financial affairs, and normally met fortnightly. Finally, all members of the co-operative met at General Meetings, which were usually held monthly. The essential purpose of the General Meeting was to discuss, and vote upon, the recommendations of the Committee.

The formality/informality of the co-operative's meetings appeared to vary. For example, meetings in the bakery seemed more relaxed and informal: partly due to their small size, partly due to their willingness to create a good atmosphere. Gordon, the bakery worker, drew a contrast between bakery meetings and other co-operative meetings:

"We have bakery meetings which I do enjoy. We take a bit of trouble about creating a pleasant atmosphere; we have a meal together first, a bottle of wine... then have the meeting... try to limit the meeting to about one-and-a-half to two hours so we don't get too bogged down - so the whole evening is say about three hours... other meetings I don't (enjoy) because I notice so often that what happens is that when there's a discussion, unless it's a riveting discussion... there's always people looking out of the window... not participating and distracted. There's no actual focus to the meeting because of that..."

It was generally the case that meetings were not enjoyed by the participants, but proper minutes of all meetings were taken, most meetings chaired (though it appears that some members of the co-operative were better at this job than others) and agendas decided, either before the start of the meeting or several days before the meeting was scheduled.

c) Work organization:

There were five main working environments at 'Whole Grain Foods': office, shop, bakery, warehouse and packing room.

- (i) Office. The main office of the co-operative was in a room above the main shop. All the shop's routine administration, and some of the office work affecting all areas of the business was conducted here: the ordering of stock (for the shop), wages, bookkeeping, general correspondence, etc. At the time the research took place, most of the office duties were carried out by Clare, although it was increasingly the case that other members of the shop and bakery participated in office duties, and took on responsibility for particular areas of office management.
- (ii) Shop. Sarah was the shop's manageress until her resignation just before the research took place, and Clare, though having equal influence over certain issues, was effectively Sarah's deputy. A decision was made by the co-operative after Sarah's departure to appoint, from outside the co-operative, a General Manager for the shop - a decision that the shop did not agree with and was later reversed. Clare commented on this issue in the following way:

"Since Sarah left, there's been talk of... do we need someone with special skills. I changed my mind on this one... I wanted someone or some people on a short-term consultative basis... if people were paid more money (for having special skills) how would it be, after a year? Would it block the chances of other workers to do more? Most are graduates and quite intelligent!"

The shop was generally organized on the basis of its workers being given specific areas of responsibility, often on a teamwork basis, which were then rotated if/when this was felt necessary. Specific tasks shared by all workers were those that were less enjoyable: working on the tills, cleaning, shelf-filling, etc. Although a competence gap remained between Clare and other shop workers, this appeared to be diminishing.

(iii) Bakery. The bakery did not employ anyone in a management role, and the division of labour that existed was between the bakers, who were responsible for production of the wide variety of breads sold in the shop, and the pastry cooks, who produced take-away savouries, snacks, flans, and cakes, that were sold at the main shop till. The early morning starts and relative autonomy from the other members of the co-operative gave the bakery workers a degree of 'freedom' perhaps not experienced to the same extent by other workers in the co-op, though the skill requirements of the job were also undoubtedly a factor in this respect. This was appreciated by Gordon:

"...I do like a flexible way of working. I don't like to be told what to do, when to do it and how to do it; I like to be able to interpret how I work... it's a professional way of working, really."

(iv) Warehouse. Whilst lacking a comprehensive management structure, the warehouse effectively grew around Ian, who due to his length of service, age, and detailed knowledge of the warehouse's business, assumed the role of manager as the numbers employed at the warehouse increased. Warehouse work at 'Whole Grain Foods' was physically much more demanding than many of the other jobs in the co-operative. Apart from office work - bookkeeping, receiving orders from customers, stock control, invoicing customers, compiling stock orders, etc warehouse work involved the dispatch of wholesale orders, the delivery of wholesale stock to a large number of customers all over the South of England, and the collection of stock. There was a division of areas of responsibility amongst those employed: one person was responsible for maintaining the co-op's vans, another for doing the books, etc. Whilst some of the tasks performed by warehouse workers were shared by all workers, other responsibilities were not rotated. Ian's managerial role appeared to have evolved through his longer membership and greater knowledge of and contact with suppliers and customers, and the strength of his personality, rather than as the possessor of specific, highly valued skills and abilities. The geographical separation of the warehouse from the shop meant that there was little day to day contact between the two groups of workers: a lack of contact that may have reinforced the differences in outlook and orientation between the two groups.

(v) Packing room. During the research period, only one member of the co-operative was employed in the packing room, as a co-ordinator manager. He had recently taken over this role from Marion, when she resigned from the co-operative. All the other packing room workers were casuals. Casual workers consisted of a pool of individuals - often people who had formerly been employed full-time by the co-operative then left for various reasons, a number of single parents who would have found it difficult to obtain employment elsewhere, and others who were friends of members of the co-operative. The available working hours were shared out, and few of the casuals employed worked for more than three days in any single week. Despite their lack of influence over decision making and slightly lower daily rate of pay, many of these workers found their casual status an attractive one: there was little responsibility, it was possible, if more than three days per week were worked, to earn more than a full-time member of the co-operative, and although most of the work was monotonous - packing beans, lentils, flours, fruit, etc into various sizes of bags and boxes - conditions of work were relatively good: there was some flexibility over working time, and a hot meal was usually provided (at cost) at lunchtime. Both Marion and her successor were aware of their theoretically exploitable status within the co-operative, and attempts were made to encourage casual workers to join the co-operative. These attempts were unsuccessful: whilst this may have been because a casual worker could, if he/she worked more than three days a week, earn more than they would earn as a full-time probationary worker, it may also have been the case that the monotony, lack of opportunities for enlarging the role of the packer meant that some workers did not want to work more than one or two days per week. (To qualify for membership of the co-operative, a worker had to be employed on a full-time basis.) On average, three casual workers were employed every day. Whilst casual workers were employed to pack, orders for pre-packed goods were compiled by the full-time worker, who was also responsible for the general management of the packing room. Just as there was little contact between the warehouse and the shop, there was also, surprisingly (in view of the fact that they worked under the same roof) relatively little contact between packing room and warehouse workers.

d) Decision making:

The Rules of 'Whole Grain Foods' stipulate that decision making in the co-operative should be on a one-person, one-vote basis. In practice, the size and complexity of the co-operative had necessitated the development of a series of regular meetings in the main working areas of the co-operative and an elected Committee. The Committee was accountable to General Meetings of the co-operative to which it brought proposals for discussion and voting, and was entrusted to deal with issues that could not be effectively handled in large meetings.

Only full members of the co-operative were entitled to vote at meetings: probationary workers were encouraged to attend, particularly at shop meetings, and could address the meeting. Meetings of casual workers were being introduced during the research period: their views represented at warehouse and General Meetings of the co-operative by the full-time, non-casual, packing-room workers.

Decision making in formal meetings of the co-operative was, according to nearly all those interviewed, by consensus rather than by vote. This was one of the reasons why those interviewed felt that decision making could have been improved. For example, Clare stated

"I feel decision making is not very good in this place: things happen because we didn't make a decision... waffley meetings... but we are getting better. Decision making has to be by a 75% majority, legally: but an aspect of how badly organized meetings often are... often we don't vote so we don't know: decisions are made by informal agreement..."

This was felt to be bad practice because unless a decision taken in a meeting was formally sanctioned by vote, members disagreeing with the outcome were less likely to feel bound by that decision.

Gordon's perception of changes to the decision making process at some of the meetings was slightly different:

"...when I first came, consensus was the way of making decisions - apart from important decisions... increasingly people are asking for votes... connected with that there seems to be a move away from openly discussing things (to)... people coming in with fixed ideas, then just voting on an issue yes or no... it seems to be connected with a breakdown in communication."

Another problem with the decision making process was that of sorting out which meetings should take which decisions. In this respect, it was generally agreed

that meetings held by members of the five different working areas should be free to decide upon issues which concerned 'their' parts of the business, whereas issues affecting all members of the co-operative should be dealt with at Committee and General Meetings. Despite this demarcation of decision making, there were inevitably grey areas in this structure which created difficulties. All the members of the co-operative interviewed felt that decision making in the co-operative was a problem. Ian was most critical of the way in which decisions were made in the co-operative:

"...simply decisions are made by one, two or three people who have the idea in the first place and then have the energy to try and push that idea through. That sounds very hard... but I suppose that's true. One could precis that even further and say there's been one dominant person there over the whole of the seven years I've been there, who's had more ideas and more energy to push those ideas through, and has done so. I to that end would never have said that 'Whole Grain' was a co-operative in any sense of the word. It was one person who ran the place as a convenience, I don't know why it was made into a co-operative, I never thought it was..."

Commenting on meetings, he added

"Meetings were always very informal, rarely was a chairman elected, rarely was there any control, hence there was always going to be one waffler, who would waffle on for about half an hour. I firmly believe that all meetings should never last for longer than two hours... there was never any form to them: we'd spend the first hour on one very small point, and some of the major points that were coming later... you were already starting to feel tired... at the end of the day's work. So thereby decisions were often made in a haze of cigarette smoke and apathy by a tired majority of hands. There wasn't often a good, clear cut decision..."

Marion, another member who had recently left the co-operative was also critical but slightly more optimistic for the future:

"...how they're supposed to be made and how they're actually made are often quite different! Sometimes one or two people make a decision arbitrarily, but then some decisions have to be made outside of a

meeting... (meetings are run) badly, but better than they were... there's still a lack of planning, and a lack of a system or a procedure known by everybody, the Chair is a problem... people willing to chair are usually those most involved and with most to say... (but meetings have got better because) we put more effort into them, we had more sub-committees, ...broke things down into smaller meetings... better reports are being made... so decisions are being made at lower levels now..."

In addition to the actual difficulties experienced in the making of decisions, another aspect to the problem was the difficulty some members experienced in communicating viewpoints - particularly over issues that were likely to be contentious. This problem was expressed clearly by Gordon:

"The situation I dislike, a situation I'm frightened of appearing, is that if I express what I feel and it's something I feel strongly about, it's quite an emotional investment in saying that, in sharing it... and seeing perhaps that other people aren't really concerned about it... it doesn't really concern them, and they're not willing to appreciate what it is and consider it... and then I feel let down, that it's just a waste of energy, really... it's a lack of willingness to appreciate someone else's position."

Marion also saw communication of different needs and objectives as a major problem - underpinning much of the conflict between shop and warehouse:

"(It's)... to do with personality but also a lack of communication and the way the warehouse has had to develop differently. Much conflict.. has stemmed from this... the shop put people before business, the warehouse business before people. I believe both are important!"

Day-to-day decision making styles in the different working environments also differed, and those of the shop and the warehouse, in particular, afforded an interesting contrast. Whilst at the shop, attempts were being made to encourage the participation of more of the members in the management of the shop, and attempts were being made to reduce the reliance of members upon one or two key workers, at the time of the research, workers in the warehouse were still in the process of re-organization following the departure of

three such people; Ian, Simon and Marion. Commenting on this new situation, George suggested

"In the past it's been down to individual personality... Simon has had more influence... other people have influence in their own way... Simon... (had much influence over some people)... Ian influenced decision making by intimidation... it's very volatile at the moment... hasn't settled down... there's a vacuum as far as anyone taking the lead is concerned. I think Hugh sees himself in a managing role (in the warehouse)... the shop doesn't seem interested in a manager... prefer to work as a friendly group."

Although, as George suggested, the situation at the warehouse was an unsettled one, it seemed clear that the eventual outcome would be a different style of management to that being adopted in the shop. This was for three basic reasons: differences in personal objectives between warehouse and shop workers, a virtually complete absence of any understanding of co-operative principles by some workers in the warehouse, and the fact that the knowledge and skills necessary to manage the warehouse had as their primary emphasis the management of stock rather than the management of people.

e) Objectives, development and analysis:

An evaluation of the development of 'Whole Grain Foods' as a co-operative can only be made in relation to the formal and personal objectives of its members, in the same manner as I have tried to analyse the development of 'The Bean Shop'.

The over-riding objective, and the objective shared by most of the members of the co-operative, for different reasons, seems to have been the development of the business to promote the widest possible consumption of wholefoods, particularly organically grown wholefoods. As Simon indicated, in the previous chapter, this aim was clearly reflected in the objectives of the co-operative laid down in its Rules. Interviews with members and ex-members, however, revealed that although some of the members of the co-operative clearly held these aims to be paramount, two other, less formal, but widely shared sets of objectives also existed. The first of these was a desire to maximise financial rewards by making the business as profitable as possible, and the second was to create a happy, fulfilling, co-operatively run, working environment.

Simon's pursuit of the expansion of the business promised to fulfil two of these objectives, at least: it would both promote wholefoods and lead, potentially

or ultimately, to an increase in prosperity for all members of the co-operative. The effects of this expansion upon the business as a co-operative did not seem to have been considered in as much detail.

In this respect, the development of the warehouse is particularly interesting. Prior to its expansion, there was effectively only one warehouse worker, Ian. Ian and his wife had two small children to bring up, and were buying their own home. It was not surprising, therefore, that Ian's interest in the expansion of the business was financial. It was also the case, however, that other workers, who were younger and lacking these financial and emotional commitments, were less interested in maximising their economic returns. In Ian's eyes, many of these workers - particularly in the past - had the ability to inhibit the development of the business by using a bogus egalitarianism to disguise inefficient, sloppy and careless business practices. There was some evidence that this had happened in the early days of the business, and it had possibly shaped Ian's current attitudes towards the co-operative and some of its members. It is not exaggerating to say that his sometimes formidable rages made him an intimidating presence at meetings of the co-operative. Ian's long experience of working at 'Whole Grain' seemed to have led to his complete disenchantment with co-operative businesses. Explaining the conflictual nature of some of the meetings he had been to, he had this to say:

"They're (conflicts) significant for their extreme violence... and because... they can foretell the way it's growing and... well, seven years ago there was no structure at all, it started from nothing, and the first Committee Meetings... it was eighteen months before any sensible person would have called it a reasonable Committee where people weren't stoned out of their heads all the time at every meeting... and then it took another eighteen months to sort out quite a few people who just weren't working in the co-operative. So you've got three years, and the whole time you're expanding at a very fast rate. You're always under a huge pressure of work... the atmosphere was nearly always ripe for conflict... in which normal people... sometimes change. You'd see things (about them) that you wouldn't normally see..."

He added

"The heart of the issue must be whether it is possible for a co-operative to work. Now as

far as I know, it must be so, because, from what I can gather, there are co-operatives that do work and are successful. But I think that all those co-ops have had a proper managerial system, a proper disciplinary system... in fact, in many respects like a normal business."

It must be remembered that, whilst several years ago, the co-operative seemed to have experienced the sorts of problem summarised by Ian, there was little evidence to suggest that the shop, bakery or packing room were unchanged in these respects, and a great deal of evidence to suggest the contrary. As I have already suggested, however, recruitment to the warehouse during its phase of expansion was largely Ian's responsibility and not that of the whole co-operative, and it may have been that a contributory factor in their recruitment was that the successful applicants were those who broadly shared Ian's personal objectives for the business. What was most important, however, was that these new workers had no access to a perspective on the development of the co-operative that was different from that held by Ian.

The severity and bitterness of the conflict between the shop and warehouse workers over the previous financial year was no doubt exacerbated by the different objectives held by the two groups of worker. It was also possibly the case that if the co-operative had managed to sustain and develop a clear and commonly held set of social objectives held by members, as opposed to financial objectives, much of this conflict could have been avoided. Of those interviewed, only Clare felt that the diversity of aim and objective amongst members was acceptable. Marion, for example, observed

"Objectives are not widely shared, because they're not explained. There seems to be more awareness and effort in the shop to explain the co-op's aims and ideals and their importance... but I feel that in the warehouse, people were taken on for different reasons. I'd say that maybe 50% of warehouse workers have no knowledge of and are not really interested in these objectives."

George, from the warehouse, though one of the 'other 50%' who was attracted to the idea of working in a co-operative, felt that the aims themselves were rather limited:

"I don't think it (the co-op) has any (aims)... well, if it has, the food standards

are the objectives and beyond that it doesn't have any."

He added

"...everyone may have their own idea... so that's why it doesn't have a common aim. Some people don't want it to be a co-op - to other people the co-op is the main thing. To others the food's the most important thing... I don't think that most people in the co-op think clearly about it. Some people aren't too bothered about aims - they just see it as a job... wanting reasonable conditions, pay, and all the rest of it. I think aims in the past have always been Simon's ideas and everyone's - mostly - gone along with those."

Gordon summed the problem up in the following way:

"I think it's very confused at the moment... I'd hate to say collective objectives. As I see it there can only be the sum of individual objectives coming to a compromise."

Jenny, who worked in the shop was also particularly succinct:

"I think one of the biggest problems at 'Whole Grain' is that it hasn't got clear objectives. It might have when it started... (and some of) these objectives are still the same... (for example) selling the best possible food. I personally don't think they're enough to get people into a 'group spirit'. I don't feel (the objectives) are discussed properly... there've been so many things to discuss at meetings everyone gets annoyed if topics like that are introduced... I think they have in the past and nothings been resolved... I think people get annoyed if meetings go on for ages."

Finally, Sally who worked in the shop, emphasised other aspects of the problem

"...there's no particular focus in terms of shared belief... even work methods haven't been agreed upon. For instance, some people would like to rota jobs more, and other people feel that would be... impractical and as a group we don't stand firm enough to put out certain objectives like sharing jobs on a rota basis... so we haven't dared to lay down any laws - on, this is an objective of our equality, as it were. There's no shared political objectives of why it's a good idea

to organize yourself, to work under you're own steam alongside other people - some people do like to be told what to do or are used to that. There's not an awareness of the co-op's standing for something aside of society, and how it being a workers' co-operative could be used more as an ideal. ...I keep going over that: are we really working well together, are we not exploiting ourselves, how could we make it better for ourselves. All these sorts of questions. We don't really examine the workings of the co-operative on a political level, as a model, which could be useful... we could do with help on a groupwork basis... but there's different levels... you know, some people would laugh at that and be embarrassed by it, because I don't think they see it as a problem. You know, its like, 'well, it's just a job, don't get so serious'. They'll say yes to most things and then they'll turn around and get defensive if you ask them to... clean up or something, because they're not thinking on a bigger scale..."

Whilst the success of the financial aims of the co-operative could be measured easily, according to profitability, and the size of the wage packet, as Sally pointed out, criteria for evaluating the success of the enterprise as a co-operative were much more difficult to obtain. On the one hand, there was no agreed set of co-operative ideals and on the other, even if there were such ideals, the difficulty of translating such ideals into practical terms presented further difficulties.

Whilst the analysis so far has tried to explain the problems of co-ordination between the shop and the warehouse in terms of differences in objective between warehouse and shop workers, it would be wrong to conclude that these differences in objective were simply that the shop was interested in developing the aims of the co-operative, the warehouse as a business. Firstly, I have already suggested that the shop was just as keen as the warehouse to make the business profitable. Secondly, although there were possibly a number of warehouse workers who were inclined to condemn an organizational structure they had never been given the opportunity to understand, there were other members of the warehouse team who were less condemnatory. It was nevertheless the case that most of the issues and problems facing the co-operative showed there to be considerable differences of approach towards these problems by the two working areas. These differences were clearly evident with respect to

decision making. These differences in attitude could in general terms be described as egalitarian (in the shop) or meritocratic (4) in the warehouse. Although there were considerable differences of opinion between Simon and Ian on other issues, they both appeared to share a similar outlook in this respect. Despite thinking that recruiting friends to the business was a good way of selecting new members of the co-operative. Ian was also absolutely emphatic that good friends could also make bad workmates:

"...I think that's the most valid point... I think the most essential thing that's happened to me these last few weeks is that John (Ian's new employer) has made it completely clear to me that if I don't do the job - if I'm not up to it - I shall be out... whereas this has never been the case at 'Whole Grain' and I think that's a great failing..."

Simon also argued that many of the problems faced by the co-operative were ultimately because the management structure of the co-operative had broken down:

"I think I would put it like this: when it became a co-operative it had a management structure which was a sort of residue from the partnership days when everyone earned the same there was a control mechanism and there were definitely people in control of it, although it was very much open meetings... it was effectively me and Thomas and Julia who ran the place... in a way it had run as a co-operative but it had a management structure. What happened was as it grew was that less and less management structure happened - more and more people became part of the management structure - of not the right nature... I think it's working its way back, at the warehouse, anyway, to having a management structure... I feel the shop has to go that way... I think it lost management control of the business... partly due to the ideals of those in management and lack of business experience of those in management..."

"...there've been financial problems but they've never been unsolvable. The problem purely lies in personality and clashes in personality which may be about all kinds of things but it's probably largely been about management: people with strong personalities wanting to actually run something efficiently, and people with not very strong personalities, or even with strong

personalities reacting against that. "I think all the problems in this place have been based around that."

By contrast, most of those interviewed from the shop expressed a strong desire for friendly working relationships with their colleagues on a more or less equal basis. As Clare pointed out:

"...informality creates a good atmosphere: we're therefore more able to pinpoint problems and deal with them. In the past bad situations have been left without dealing with them to everyone's cost... we all want good enough relationships with one another that we can be direct and do away with formal roles..."

The more widespread egalitarian ethos amongst shop workers and the absence of a recognised hierarchical management or clear disciplinary procedures, however, may have created some difficulties, where principles did not easily translate into practice. Sally stated the problem very clearly:

"In laying down your authority you can alienate people: although (by being forceful) you're recognised as a 'pacemaker' and this is appreciated sometimes, it's sometimes also used against you... you can't say anything without people saying 'She's on the warpath...' But I see it as wanting something for the business, not a power trip... (sometimes, to achieve these business objectives) you have to be super friendly and quite manipulative. Straight talking is better..."

However, whilst the absence of any commonly acknowledged authority system at the shop had a tendency to create a situation in which issues relating to the management of the business could be reduced and psychologised and avoided only by the dexterous use of social skills, there was no enthusiasm amongst the shop workers for the introduction of a small management committee or the appointment, from the outside of a General Manager. Whether, following Simon's departure, the different decision making systems of the warehouse will prove superior, remains an open question, but one that can only be evaluated against the objectives of all the co-operative's members.

The problems experienced by the co-operative with respect to decision making were related in certain respects to recruitment and training. This was broadly speaking because the success or otherwise of the management and decision making system employed depended

upon the co-operative both attracting and training suitable members.

Recruitment to the co-operative was considered problematic by only some of those interviewed. Significantly, perhaps, a large proportion of these were members and ex-members who held, or had held, positions of considerable responsibility. Ian was particularly forthright about what he perceived to be shortcomings in the sort of person employed in the shop. Although agreeing that in more recent times, the people working in the shop were much better than some of those employed in the past,

"The crucial thing is that 'Whole Grain' (the shop) as it stands seems to attract people who don't want to make decisions... or be 'In the hot seat'. There's been a continual preponderance of people who haven't wanted to take responsibility."

For Marion, problems with recruitment and training appeared with hindsight to be one of the reasons for her departure:

"...people get worn down with worries and work... shared responsibility doesn't seem to work: I've sometimes felt as if I'm always having to carry it (the business)... I suspect a degree of this may always exist but I do feel that selection procedures have been wrong: people see being in a co-op not as a place where they have to take on responsibility but as somewhere they don't have to have responsibility."

Simon also felt that recruitment procedures were highly inadequate:

"... it's gone from the sort of 'I've got a friend who wouldn't mind a job...' for quite a few years now there's been interviews. They haven't really been all that serious - I mean, one of the other terrible things that's happened as a co-op is that people are chosen for roles because they said they wanted to do it. The way an interview committee might be chosen at the Committee meeting... people have said 'Oh, I'll do that...' Really, we should have got an interview committee together and they should have gone for a couple of days training somewhere... on how to interview people... nobody's ever been trained, it's always been very informal... and I think that's what's happened, we've recruited very informal sorts of people - we actually need some much more formal people

about the place... I mean, (some) people take life as it comes..."

It is worth noting, however, that shortcomings in the recruitment process were different in the two main working areas. Essentially, this difference can be summed up as follows. The warehouse selected new recruits according to their ability to perform a specific set of tasks and responsibilities. For the shop, a specific objective was to find someone who would fit in to the group. If the actual criteria by which the final decision was made remained vague, the objective of finding someone who would fit in was clearly reflected in the interview procedure: Sally, explaining how vacancies were filled, said

"... they're interviewed by three members, and three members decide. I think it's important that everyone working there has a chance to make the decision."

For Clare, in complete contrast to the view of the shortcomings of recruitment put forward by Ian, felt that a major difficulty - particularly in the recent past - had been that people had been prevented by circumstance and pressure of work from being allowed to take on more responsibility. Nevertheless, recruitment was something that the shop took very seriously:

"Recruitment is a group decision. There's much discussion... and more involvement (of other members of the co-op)... you decide who you work with... we're putting this into practice more. We're taking on people who fit in better... trial days (where a prospective worker is asked to work in the shop for one day to assess his/her suitability) are a good idea... they actually do work."

At the warehouse, recruitment had, until his departure, been left almost entirely as the responsibility of Ian. In contrast to the shop, the major criteria governing the selection of new workers for the warehouse was not 'will they fit in?' but rather 'can they do the job?'. This was undoubtedly due to the much clearer (and desirably perceived) division of labour at the warehouse. Whereas at the shop, it was possible that a new recruit might fit in but be unable to perform competently the task for which he/she had been originally employed, at the warehouse, the possible incompatibility of a new recruit with existing members of the workforce was much more likely.

Another difference between warehouse and shop workers was that whereas shop workers were relatively young, single, and predominantly female, warehouse workers

were older, in settled relationships and predominantly male. Although there appeared to be no discrimination in favour of one sex or particular age group, the benefits of a more mature workforce - particularly the greater importance they were likely to attach to financial objectives - has been mentioned already above. Gordon also suggested that maturity was important for other reasons:

"I'm now beginning to realise that to make a co-op work you need co-operative people. You don't need an ideal - it's actually quite a rare quality within people, to be co-operative. The very existence of power structures and hierarchies outside of co-operatives is not something that's set up as an ideal, it's something that's grown out of the state of where most people are at, and that of course exists because most people are at that state, and it exists in a co-operative, at 'Whole Grain Foods' - the power structures are just a reflection of where most people are at: most people are competitive, most people are insecure, and of course, people have an ideal, so somewhere, depending on how far people lean toward their different poles and areas, that's how the co-op's set up..."

The ideal co-operative individual, Gordon suggested, would embody several qualities:

"...you'd probably need people with quite a varied and extensive experience of life. I'm not saying they'd have to be old but they'd certainly have to be quite mature. People that have left school, gone to college and gone straight into the co-op, as far as I can see... don't make ideal co-op members because they haven't tried themselves out on life: they're continually testing - they want to know how good they are, what their strengths are, what their failings are and that... type of pushing... adds too much strain on a co-op if you've got a lot of people doing that... if you've got the majority of people in that situation then you've got a very uncentred co-op - you get massive changes in a very short time and it's impossible to have any long term plans... (the ideal co-operator).. would have to appreciate the advantages of working in a co-operative."

There was no systematic training or induction process in either of the two main working areas of the co-operative for new workers, and as I have suggested

already, there was a considerable competence gap particularly between one member, Simon, and the others.

At the shop, the absence of a clearly defined and legitimated division of labour meant that the duties of the shop worker could be quite varied. In performing the basic tasks necessary for the shop to run smoothly, there was considerable freedom for workers to develop their own role - subject to the largely informal constraints imposed by other workers. Recalling her first weeks working in the shop, Sally exclaimed

"Training? There is no training! When I started they were so short-staffed... it was totally unprofessional."

The same absence of formal training was also apparent at the warehouse. Explaining how he came to learn how to do his job, George explained:

"I found out what I know through keeping an ear open and making a positive effort to absorb what's going on around me... rather than being taught anything."

In these circumstances, the onus was upon the new worker to find out for him/herself what was expected of them, and how the organization worked, during the one-month probationary period. Although this did test the initiative of the new worker, one problem with this informal system of training and induction, as I have already suggested, was that the new worker might just as easily pick up bad examples of organizational behaviour as good, might be told the wrong things as well as the right.

At the warehouse, jobs and roles were more clearly defined and the new worker had a better idea of the job for which he/she had been employed. Nevertheless, there was no formal training period, and there were inevitably grey areas of responsibility. For example, a driver might find him/herself alone in the office and have to deal with an order by one of the co-op's customers. Unless he/she had found out the procedure for dealing with such tasks, difficulties could be expected. Looking at the issue of training from her role as shop manageress, Sarah both highlighted the special difficulties facing those with management roles in the co-operative, and the importance of training:

"I think... most people just want to 'get on...' if they've got energy and enthusiasm and so on they want to get on with the job and make their own decisions without having to ask a lot of people about it who talk a lot of old rubbish and don't really know... and who've not been there a long time... I

think it's important to tell people... I believe for their satisfaction, for them to become managers and for them to be interested and be dedicated and have their heart in the co-op it's important that they know - that you do nurture them and train them up... but at the same time maybe there should be one person who's role that is to do... a training officer... I mean. Gerry (one of the bakery staff) said after a meeting 'After six months I'm expected to make really weighty decisions - how can I?' - and I think he was right - how can he possibly?"

In addition to problems involved in training new members, there was also a significant competence gap between Simon and even the longest serving members. Reducing this gap was not simply a matter of Simon sitting down for half a day at regular intervals and disseminating information, however. Although many of those interviewed were critical of his lack of accountability to other members, and found the attempts he did make to explain - particularly finance - above their heads. Routinization of his entrepreneurial role also presented special difficulties for Simon, which were not widely recognised: whilst on the one hand, new systems and new contacts could often not be passed on because:

"..people don't take them up: it's no good me setting something up and then somebody not doing the job of carrying it on... which has happened to some extent, but I mean certainly I'm obviously guilty of not, you know, disseminating information enough, but at the same time it's very difficult when it's a personal relationship, to pass that on to someone. I mean I made the decision I was leaving 'Whole Grain' and when people have rung up I've simply said "Look, I'm not dealing with you anymore, I'm sorry, but it's Hugh, 'you know' he's a nice guy have a talk to him", and I think... it's quite easy for Hugh to take that over then... trading relations have been set up, there's an invoicing history, a payment history... and what was a very friendly trading relationship and there's no reason that the person shouldn't be as friendly to Hugh as he was to me, so I mean, I've passed on a friendship, if you like... one of the things.. of course is that a lot of the trade.. is with me and though they may go on trading with 'Whole Grain' their personal friendship is still with me; and that's something 'Whole Grain'

will find much more difficult to cope with, and certainly with all the overseas suppliers, they are going to commercially trade through me because that's the way it works, but if I said to them 'don't sell to 'Whole Grain' they wouldn't sell to them. There's no way 'Whole Grain' could persuade them, because it's a personal thing and I have put an enormous amount of work into developing these relationships... you can never wipe that out... I don't think anyone else has ever wanted to do that sort of thing, to spend that sort of time developing those kind of relationships, and they have to do it.."

Whilst as Simon suggested, the passing on of friendships was an awkward thing to accomplish, the other factor of significance was that they could, reasonably, be passed on to one person, not a group of members. This would pose especial difficulties in co-operatives committed to job-sharing, rotation, and equal responsibility. In addition, as the quotation demonstrates, the future trading relationship between 'Whole Grain Foods' and foreign exporters would appear to depend, at least for the immediate future, upon Simon's continuing goodwill towards the co-operative.

In summary, 'Whole Grain Foods' original objectives seem to have been inadequate in that they did not define the economic and social objectives of the co-operative. This led to a general confusion and lack of understanding of objectives, and often, particularly in the warehouse, personal objectives became the collective objectives. The different emphasis placed upon objectives in turn was a major contributor to the problems of communication and co-ordination between the warehouse and shop. The co-operative also experienced difficulties in decision making. In the warehouse, the departure of some of the key figures led to what appeared to be an unsettled situation, and it was not possible to evaluate possible consequences. At the shop, decision making difficulties were not as some members/ex-members felt, that shop workers were not interested in making decisions or holding responsibilities, although it did appear that there was some lack of vision or planned future direction. The main problem, instead, appeared to be a lack of clarity of social and economic objective, and, of the objectives that were apparently shared, difficulties in translating such principles into the practice of daily working life. This appeared especially difficult because there was no ready model for members to evaluate - no culture of co-operation such as might exist, say, at Mondragon in Northern Spain. In

general, it appeared that members of the shop/bakery were much more aware of the potential advantages of working co-operatively than warehouse workers, who may if anything have seen the co-operative status of the enterprise as frustrating the achievement of their primarily financial, objectives.

## Chapter 5 THE EXPERIENCE OF WORK IN THE TWO ORGANIZATIONS

### 'The Bean Shop'

The essential purpose of this chapter is to examine the way in which work was actually experienced by the individual members of the two organizations that are the subjects of this study. The small size of 'The Bean Shop' and the small number of individual interviews that were conducted means that the conclusions that are drawn must be regarded as fairly tentative and provisional.

#### a) Backgrounds

Paul had little work experience prior to joining the collective. The first job he obtained after leaving school was a casual labouring job on a building site. He did not enjoy this job, and in particular did not like his foreman. After leaving the site he spent eighteen months on the dole, before joining the 'Bean Shop' collective as a volunteer in the summer of 1979. Paul worked on a casual voluntary basis for nearly a year before being taken on as a full partner of the collective in July 1980.

Jeff had a variety of jobs prior to coming to work in the collective. His first real job was a white-collar post with a firm of boat builders based in a large channel port. He described this job as "middle-management" and his department was concerned primarily with the supply and maintenance of navigational systems and navigational charts. He left this job primarily because he said he was "fed-up" with fighting senior management". After leaving this job he started working in a collectively organized Friends of the Earth Group in the Midlands, as a labourer, and from there joined another collective, this time working primarily as a shop assistant. At various times, Jeff had also been involved, in the Midlands, with an active Claimants Union and a Peace Centre. It was as a delegate from this Peace Centre at a conference organized at Laurieston Hall, in Scotland, that he met a member of the 'Bean Shop' collective, who invited him down from the Midlands to help with some building work. Jeff accepted the invitation, and after a short spell working as a volunteer, became a full partner in the business in March 1978.

#### b) Skills

Paul had no higher educational qualifications and no certified skills upon joining the collective.

Nevertheless, Paul was both practical and resourceful in outlook and a very competent repair man - his woodworking and joinery skills were particularly useful in the collective's original premises, which were in a very dilapidated condition, and Paul was also adept at building shop fittings when required: shelving, counters, display units were all designed and built by Paul. A commitment to skill sharing in the collective at the time he joined gave him the opportunity to learn basic bookkeeping, which was the only skill he felt he had learned since joining the collective.

Despite once having had a middle management office job, Jeff said that his only qualification was a Diploma in Marketing and Sales obtained following a two-day course at a Business School in London. Nevertheless, Jeff played an important part in attempts to expand the business and tended to be one of the collective's creative thinkers/planners. The skill-sharing scheme also gave Jeff the opportunity to learn about bookkeeping, and he said he had also developed a deeper knowledge of the wholefood trade, graphics and layouts, sales, selling and buying.

c) Reasons for joining the collective

Paul's introduction to the collective was through a friend, and after working as a volunteer, agreed to join, because, as he put it:

"It seemed like a good way to work".

Although before he joined the collective he did have a vague idea about what working in a collective entailed, he did not have a detailed understanding of the mechanics of collective working practices.

Jeff joined as a result of meeting another member of the collective and being invited. He decided to stay at the collective after the building work had been completed. This was related to an earlier decision, made whilst he lived in the Midlands, never to work as an employee again, and to try to maintain a commitment to collective working arrangements.

d) Reasons for remaining in the collective

There were two reasons stated by Paul to account for why he had remained a member of the collective. The first was that, given the freedom he was able to exercise within the collective organizational framework, there

"...was no viable alternative.."

The second reason was a consciousness of his responsibilities: both to other members of the collective, and to his dependants. In addition, Paul undoubtedly found the work politically congenial.

Although never active in any major political party, Paul did say that his sympathies were inclined to the anarcho-socialist - as Paul put it:

"...politically, it's the only fair way to work... superior to both private and nationalised industries. I'd like to think that all small scale firms could be run in this way: not just for profits but also to give people a bit of power over their situation... yet most people spend most of their working lives dominated by others. I couldn't go back to that... unless the money was right - everyone has their price!"

Jeff's reasons for staying at 'The Bean Shop' were related to his long-standing rejection of conventional employment practices:

"It suits: during a period in which I wanted to leave I felt I couldn't - I'd have had to have passed on my skills and at the time there was no-one willing to receive such knowledge... Now it's different: I feel I could leave without threatening 'The Bean Shop's' future. Generally, I've stayed because it suits my temperament... working in a collective makes me unemployable... my own attitude is mainly to blame, but after ten years working in co-ops, most employers would regard me as unsuitable."

Like Paul, the only factor that would tempt him to change jobs would be the promise of more money elsewhere, but even then, he suggested, he would only consider such a move if the new job was in a collective. Also similar were the political outlooks of both workers. Jeff, who had been a member of the collective for a longer period than Paul, regretted the decline of the building users' collective which, he suggested, was both a fertile source of ideas and a continually radicalizing influence.

#### e) Work satisfactions and dissatisfactions

Despite the fact that neither Paul or Jeff expressed any real wish to work anywhere else, work experience was both satisfying and dissatisfying in certain respects. Fortunately for the collective, the satisfactions for one were the dissatisfactions of another: in this respect, Paul and Jeff perfectly complemented each other. For Paul, who worked in the warehouse, the most fulfilling moments of his working life were

"...letting me get on with it and do it. I don't like dealing with customers..."

In more reflective moments, Paul also spoke of the satisfaction of

"Existing in defiance of the regular order of things... as a political statement."

For Jeff, the principle satisfaction was positive feedback from the shop's customers:

"...I like interaction between myself and the punters... either you want to thump them or cuddle them..."

Like Paul, there was also a deeper and less tangible satisfaction:

"...the mere fact that it exists: the very idea that you can float a business with a turnover of £100,000 out of £50 loans, etc..."

Whilst Paul found dealing with customers onerous, Jeff suggested a major dissatisfaction was the lack of agreed standards and procedures and the difficulties in establishing such working practices within the collective. Both, however, agreed that their chief dissatisfaction were their low wages.

f) Perceived costs and benefits of working collectively

For Paul, the main advantages of working collectively were the control it enabled him to exercise over his working life, the sharing of responsibility for running the business (despite the drawbacks to working in the collective, Paul admitted that he would not consider setting up another business/collective that could pursue the things that really interested him because he felt he lacked both the confidence and the experience required) and the fact that, despite recent conflicts, he was able to work with people he liked who were also like-minded. Finally, he appreciated the flexibility of working in this way: the fact that he could take time off if he really needed to, he could come in to work early or late (at the warehouse) and work until the days tasks had been completed, for example.

The major costs Paul saw in working in this way were all related to his keen sense of responsibility - towards other members of the collective and to his family. This meant that, for example, despite the opportunities the collective framework gave him to take time off, he would never consider doing so on a whim or a caprice. In addition, Paul also felt that work was physically very taxing, and there was often a very heavy workload. Whilst on some days, this was seen as a challenge, at other times it created a great deal of stress.

Jeff's experiences of working in the collective appeared to have left him feeling more equivocal about the costs and benefits of working in this way. Whilst on the one hand suggesting that it suited his temperament, and that he did not think that he could work in a conventionally organized business again, it was apparent that Jeff felt that some of the advantages of working in this way were also disadvantageous in certain respects. He suggested:

"...I'd like to see more 'aggression' in the co-operative movement, more of an element of challenge... the tendency of co-ops/collectives not to argue the point disturbs me... and the intense personal relationships... can inhibit the business side... wrong decisions can get made on occasions for the right reasons."

#### g) Analysis

Whereas Jeff had established basic orientations to work prior to joining the 'Bean Shop' collective, Paul had no clear idea of how collectives operated in practice, and therefore many of the attitudes towards work he held at the time of the interview were probably established directly through his experiences of working in this collective. Despite their different backgrounds, therefore, there seemed to be little difference on matters of principle, between either worker. Both shared a political perspective that could be described as libertarian socialist, although neither were politically active. Both saw the flexible working arrangements and the opportunity to work together on a basis of mutual equality as important benefits of working in the collective. Underlying many of the expressed attitudes towards working in the collective by both of the partners was an emphasis on the importance of the individual worker, and individual codes of conduct.

Both partners shared a single overriding objective, determined by their responsibilities towards their families, of improving the profitability of the business to enable them to improve their own wages. This decision was not arrived at lightly, and both were almost apologetic about having to do this, observing that it changed some of the original service objectives of the collective, but recognising that the needs of their dependants had to come before those of their customers, despite the possible threat to their street credibility.

Neither partner seemed to see their working lives at 'The Bean Shop' as part of any consciously chosen career plan. It was as if Jeff had consciously

rejected available career opportunities to work in a collective environment, whilst at a later date realising that the door to a career in the conventional sense had closed after he had spent several years working in collective environments. Paul, on the other hand, had apparently never had the opportunity to pursue a career, although it was likely that he too would have rejected the idea of a career, except insofar as it might lead to better remuneration.

Despite having no formal mechanisms for dealing with grievances, or disciplining one another, the collective had not experienced any labour turnover for eighteen months, and there was a stable core of partners who had worked in the business for several years. This may have been because despite difficulties associated with such an informal structure, the advantage - the flexibility and control it gave to its members - outweighed these difficulties. In addition, however, the job opportunities for the partners, should they have wished to leave the collective, would have been quite scarce.

### 'Whole Grain Foods'

The larger sample of workers interviewed from 'Whole Grain Foods' means that I have chosen to examine in greater detail the experiences of work of four members of the co-operative. These four workers, Sarah, Gordon, Jenny and George have been selected for several reasons. Firstly, they have worked in the co-operative for different lengths of time, they worked in different areas of the co-operative, and the attitudes they displayed towards working in the co-operative were part of a typical range of attitude amongst those interviewed.

#### a) Backgrounds

Sarah joined the co-operative in April 1981. Prior to this, she had attended the local University, where she obtained a degree in French. After this she worked for a period as a social worker in a large town on the outskirts of London. This was followed by a period of unemployment, and then she obtained a job with the GPO. After six weeks training to be an international telephone operator, she applied for, and was offered, a job at 'Whole Grain Foods'. She accepted, and after several months working in the shop slowly began taking on management responsibilities; her role being recognised at a later date when she became the shop's manageress.

Gordon worked in the co-operative's bakery on a casual basis for two months before joining the co-operative on a full-time basis in August 1984, when a position in

the bakery became vacant. Before working at the co-op, Gordon spent a year studying Chemistry at London University before leaving to become a Water Quality Officer with the local Water Authority: a position he held for several years up to the time he joined the co-operative.

Jenny joined the co-operative in December 1984, applying for the job after seeing it advertised in the shop's main window. Before going to University, Jenny worked as a clerical servant, a bus enumerator, and studied for an Arts foundation course. Graduating with an Anthropology degree in 1984, she variously travelled abroad, spent some time unemployed, and worked briefly in a local factory before joining the co-operative.

George joined the co-operative in June 1983 as a driver, based at the warehouse. Before joining the co-operative, George worked as a Computer Programmer for five years, commuting daily from his home to London.

Three of these members of the co-operative, Gordon, George and Jenny were in settled relationships, and were in the process of buying their own homes. George was the only one of the four who had the additional responsibility of children to look after.

The backgrounds of these four workers were a relatively accurate cross section of the backgrounds of the majority of members of the co-operative, particularly in the shop/bakery. Most members were well educated, a large proportion to degree level. Whilst many of the graduates were comparatively young, the older workers tended on average not to have degrees, though their work-experience was more extensive and varied. Many of the older workers also had children.

#### b) Skills

Only one of the four workers was engaged by the co-op on the basis of a specific skill required by the co-op: George, who could drive. Gordon, however, had managed to pick up the basic knowledge required for breadmaking from one of the existing bakers when he had been working on a casual basis. Sarah and Louise had little opportunity to use their acquired academic skills for the benefit of the shop, although Sarah was occasionally required to speak French with foreign holidaymakers who occasionally came into the shop.

Since joining the co-operative, all four workers had developed their knowlegde of the skills required to run the business. Paul and Gordon's roles changed to some extent, with both taking on office duties: Gordon dealt with the co-operative's wages whilst continuing to work as a baker, whilst George stopped driving almost completely to work in the warehouse office.

Commenting on what he'd picked up since joining the co-operative, he said:

"...I've learnt about the products, but I don't know if you'd describe that as a skill... bookkeeping... but I don't know much about accounting."

Jenny also felt that:

"...I don't know how skillful my skills are..."

Despite having to deal with people in a business context - particularly sales representatives, Jenny said on several occasions that she wished that she did know more: particularly about office duties.

The skills held and the skills learned were fairly typical of the co-operative as a whole. Generally, workers were not employed on the basis of their skills, and the skills required to run the business were picked up by workers on a relatively ad hoc basis - usually the more motivated the worker, the more effort was made into acquiring a needed skill.

c) Reasons for joining the co-operative:

Sarah's main reason for joining the co-operative was a desire to have a more fulfilling job. Attracted to the co-operative for these reasons, she was introduced to the co-op by a friend who had worked in the co-operative and after working for some time on a casual basis decided to join. Prior to joining, she had little experience or knowledge of what a co-operative was. Jenny's appointment was similar in certain respects:

"I joined the co-op because I saw an advertisement... and I didn't go out looking to join a co-op, but I was in a very bad job at the time, and I just passed by the window and I thought, Oh, it would be nice to work there... I thought it would be a nice place to work... I knew the basic theories behind (co-ops)... but I didn't know in any great depth. I hadn't realised that 'Whole Grain' was a co-operative at the time..."

George's reasons for joining the co-operative were slightly different:

"I'd spent five years as a computer programmer commuting to London... I wanted to take some time off and think about what I wanted to do, and get out of the rat race...

I had no plans to join a co-operative, but a job came up here, and I thought it sounded like a relaxing job (he smiled, ironically)... what I was looking for at the time."

Although George confessed to being keen on the idea of co-operatives, and claimed some theoretical knowledge of what co-operation was about, this was not the main reason for his joining. Gordon, on the other hand, seemed to have a fairly well defined set of assumptions about what co-operatives were. Initially, Gordon was attracted to 'Whole Grain' by the appearance of:

"...an extended family type business atmosphere..."

and although he had arrived at this assumption through friends who had worked in the co-operative, he had little knowledge of how co-operatives were actually organized, nonetheless, for Gordon, the principle of equality was a major factor in his decision to join the co-operative:

"I was definitely attracted to the idea of an equal partnership... an equal say, an equal contribution... I wanted to get away from the hierarchical power structures you tend to find in most conventional work situations and see if there was an alternative to that..."

This sample of four workers was not a perfect cross-section of the reasons people gave for joining the co-operative. I have indicated already above that for Simon, promotion of wholefoods was a primary motive, for Ian, the improvement of the business. Both these workers had also been involved in the business prior to co-operativization in 1979. The objectives of Ian and Simon must also be considered to be part of the cross section of reasons people joined the co-operative.

#### d) Reasons for remaining/leaving the co-operative

The original expectations of all four workers changed after working in the co-operative for some time, and it was clear that some workers felt happier with their work situation than others. George's main reason for remaining a member of the co-operative, for example, was stated to be a lack of motivation, and the fact that he remained unclear about what he actually did want to do. For Gordon, continuing membership was

because he expressed an interest in getting to know the job and the place more fully, but also the fact that there were no alternatives for him at the time of the interview, although he was in the process of exploring possible future directions. Jenny felt that her reasons for remaining a member were something of an enigma, even to herself:

"I don't know... this is the huge question of my life!... I really went there thinking I was going to stay for two or three months because I was going to travel to America, but then that didn't materialise because I never saved any money... and... I don't know.. I don't think I realised what it entailed, I just thought it would be a shop job when I came. I go through periods of wanting to leave then wanting to stay about every week... I never get round to thinking what else to do, really. I think probably the main reason for staying is the people working there... it is a nice working atmosphere despite all the stresses... and it's very, very tempting, being somewhere where you've got so much autonomy... I see so many of my friends in traditional graduate management posts - it doesn't appeal to me at all - everyone's moaning... I have so much flexibility..."

Sarah was one of the workers who had left the co-operative before the research took place. Reflecting on her own, extremely demanding role, she pointed out:

"...the job is actually exhausting. I've felt in the last year I've managed to put the job in perspective but I've always had this image of 'Whole Grain' as this great monster that swallowed you up and then spat you out again after about three years... people like Mandy (a previous shop manageress) Clare and myself, I felt it could do that to us... Although more recently it'd got a bit more levelled out - I think as it's become more co-operative and more people are taking on responsibility its (been possible to put the job)... into perspective... but I found it very hard to get satisfaction out of the job and work reasonable hours... it was a sort of work ethic that someone set up that you had to kill yourselves or else you weren't a dedicated worker... crazy things really... I think we didn't really care enough for ourselves."

Generally speaking, people who stayed members of the co-op remained either because they could think of no better alternative, or because they enjoyed the convivial working environment. Those who left did so for a variety of reasons. The two commonest were exhaustion - particularly amongst those like Marion and Sarah whose demanding roles and considerable responsibilities were not well rewarded financially, and rarely rewarded through appreciation by other co-op members - and the promise of greater financial reward elsewhere. Although four members of the co-operative had recently resigned, prior to this, there had been little turnover of labour for about eighteen months. Of the four who left the co-operative, Simon expressed most strongly the view that the co-operative structure of the business was frustrating his personal ambitions and holding back the further development of the business: in a leaflet explaining the circumstances of the formation of his new company, he explained:

"The company has been formed by two people previously involved with 'Whole Grain Foods' which had already established itself as the leading supplier of organic foods. However, various factors meant that a new company was necessary.

"Firstly, the market was growing rapidly and major investment was needed to stay at the front. 'Whole Grain Foods' was legally formed as a co-operative and this has proved to be a difficult structure in which to raise finance. The democratic structure of the co-operative and its diversified interests also made it difficult to make the kinds of decision that were necessary.

"Secondly, the co-operative structure was not attractive to several people who were interested in seeing the growth of organic foods and were potentially a great asset to the business.

"Thirdly, 'Whole Grain Foods' was basically a wholesaler and the key to national success lay in selling to other wholesalers. This was obviously going to be difficult as wholesalers do not like buying from their competitors."

e) Work satisfactions and dissatisfactions

For George, the major sources of satisfaction from his work were the openness of relationships - the absence of hierarchy meant that he felt freer to express his opinions than he might have done elsewhere. Compared with other jobs, he admitted to feeling 'slightly more

satisfied - but only just...' What he considered were the advantages of working in a co-operative were largely cancelled out, however, by the

"...lack of a common aim about what we're supposed to be doing and what we're doing it for..."

In this respect, George expressed disappointment that his early expectations had not been realised:

"I assumed other people to be keen on co-operatives which wasn't necessarily the case..."

Summarizing the impact the co-operative had made on his attitudes and ideas about work, George said

"...it's made me more aware of the problems of co-ops - particularly the role of democratic decision making in a business. I don't think I was over-idealistic to start with... (but working here)... has brought home a number of problems. I'm still idealistic... still in favour of co-ops: I just think that 'Whole Grain' isn't a good example of a co-op..."

For Sarah, the principle satisfaction of the job she had performed was the opportunity it gave her to establish close working relationships with others, particularly Simon, whose departure to the warehouse following the shop's expansion was especially regretted. Another source of satisfaction was that of encouraging other members of the co-op to perform tasks that had previously been the province of management - though recognising that this exacted a price, particularly in respect of communication and co-ordination, she felt that the improved levels of satisfaction of other workers and general improvements in competence and confidence of shop workers compensated for this. Although generally fairly satisfied with her working days at 'Whole Grain' the major sources of dissatisfaction - principally the considerable stress, the workload and the conflicts with other members of the co-operative left her feeling exhausted and feeling that with hindsight, she had not been financially well rewarded for these stresses.

For Jenny, despite ambivalence about whether she should leave or stay, felt that working in a co-operative was easily the most satisfying job she had ever had. The major reasons for this, she suggested, were to do with the

"...social relations... working with people you like... you can actually get to choose the people you work with... the biggest thing is the feeling that you have control over your work situation, and I think all the other benefits are related to that: you can take the initiative- I think it does make you more independent and more confident. I think it gets rid of the feeling of powerlessness - although you do have powerlessness in the sense that things take so long to get done or don't get done then you feel powerless: you feel the co-op is a block to ideas. But you get rid of that feeling of powerlessness, that you've got absolutely no chance of changing things because you can... (also, there's)... more understanding than normal work situations - in that if you're feeling fed up or something most people will say, well, have a cup of tea, or sit down, or even go home - which is great because that would never happen in a normal job... also feeling that I'm producing something worthwhile..."

Despite these considerable satisfactions, there were also a number of sources of dissatisfaction:

"...it's not paid that well... I find it very stressful... you feel very involved in it whether you want to be or not. I do sometimes forget about it but often I feel I can't. It's stressful in the way that you often take it home with you... also, they're your friends, so it's difficult to say; bugger them, because you actually do care about the people who work there... that is stressful because you can't just cut it off... (It's also) frustrating because things take so long to be effected, and it's quite an inefficient way of working: more often than not an inefficient way of running a business because you have to take account of so many different peoples' points of view, and also because most of us haven't got any concrete business

skills to offer 'Whole Grain' and I think it's paid for that - we've gone a long way around a lot of things because we don't have the knowledge to shorten them or make them more efficient."

By contrast, for Gordon, the principal satisfaction was simply the job - that is taking pride in the skills he had acquired and was continuing to develop as a baker. The other single benefit, he considered, was that he could walk to work. The sources of dissatisfaction were, at the time the interview took place, greater in number than the satisfactions. Principal amongst them were his dislike of the 'unclarity of procedures and responsibilities' and particularly the times when decisions were made at meetings of the co-operative that affected the bakery when he was not present, or more especially, if decisions were made about the bakery by people with a very limited understanding of its functioning and who were unconcerned about his or other bakery workers feelings in these respects. Nevertheless, as I have indicated above already, Gordon maintained a broader interest in the co-operative and did not seem to be so dissatisfied that his departure from the co-op was imminent.

These four workers represented a fairly typical cross-section of the general sample in respect of satisfactions/dissatisfactions. the same sorts of issues were identified by all the other members interviewed as sources of satisfaction and dissatisfaction. There may have been, however, a much greater concentration of dissatisfaction amongst warehouse workers: it was not possible to follow up this hypothesis, but it is possible that these dissatisfactions were closely related to their differing personal objectives and the lack of understanding of, and enthusiasm for, the constitutional principles upon which the business was founded.

#### f) Analysis

There was a considerable difference in the way in which work was perceived between the warehouse and the shop workers. There may have been several factors contributing to this difference. Firstly, warehouse workers were predominantly male, shop workers predominantly female. There was no conclusive evidence to suggest that gender was a crucial variable in determining differences in perception and outlook, although some of the workers did feel that the conduct of some of the male warehouse workers, particularly in meetings of the co-op, had on occasions been sexist. Secondly, warehouse workers were on average older and a greater proportion had families to support. This may

have been of considerable importance in shaping general orientations and expectations about work held by warehouse workers. A number of older workers did observe that they felt that few of the younger members of the co-operative thought ahead in the ways in which their own additional responsibilities forced them to. Thirdly, there were differences in educational attainment between the warehouse and shop workers. Whilst only one of the warehouse workers had benefitted from a University/college level education, by contrast, a large proportion of shop workers held degrees. If this did have any effect on perceptions of work, it may be hypothesised that shop workers were likely to have much higher expectations of fulfilment and satisfaction from their working lives. In this respect, a comment by Jenny is perhaps worthy of mention. When asked what she liked least about working in the shop, she replied:

"...working behind the till. I just can't stand being in one place... it's really funny, I get my most reflective moments behind the till - I think, what am I doing here, I've got a degree... what am I doing stuck behind this till for hours on end?"

These differences, in turn, no doubt conditioned to a greater or lesser extent in individual workers, the differences in personal objective lying behind a number of the problems and issues facing the co-operative, and examined above. Whilst warehouse workers were less concerned with the co-operative structure of the business and more interested in improving profitability, shop workers, whilst concerned that the business should be as profitable as possible, were also concerned that the means to this end should be, as far as possible, co-operatively oriented. There was, as I have tried to indicate above, a definite realization amongst some of the shop workers that the introduction of working methods that permitted more control and responsibility did impose costs in terms of efficiency, at least in the short term, and a desire to minimise this cost.

Of the members interviewed in the study, only Simon appeared to have clear career aspirations, which guided his decision to leave the co-operative. None of the other workers appeared to see their present employment at 'Whole Grain Foods' as part of a career plan or long term personal ambition. It is possible that this absence of careerism amongst the members of the co-operative had positive and negative implications. Whilst it was not possible to determine these implications in any rigorous way, it could be suggested that it may have contributed to the lack of long term business aims expressed by remaining members of the co-

operative. It may also have been the case that the pre-eminence of Simon in this respect may have inhibited others from thinking in these ways. How remaining members of the co-operative will fill this vacant role, and the goals they will establish, however, remain an open question.

## Chapter 6 CONCLUSIONS

The conclusions to this study are in three main parts. Firstly, I will summarise the main stages in the development of each enterprise. This will include an interpretation of the problems each faced, both both at an earlier stage of development (as revealed by the earlier study summarised in the first section of the monograph) and those emerging from this study. Secondly, I will compare the two enterprises and try to explain why they developed in such different ways: reference will also be made to the differences which came to exist between 'Whole Grain Foods' shop and warehouse. Thirdly and finally, I will briefly discuss some of the key dynamics of organizational life within the two organizations.

### Stages in the development of 'The Bean Shop'

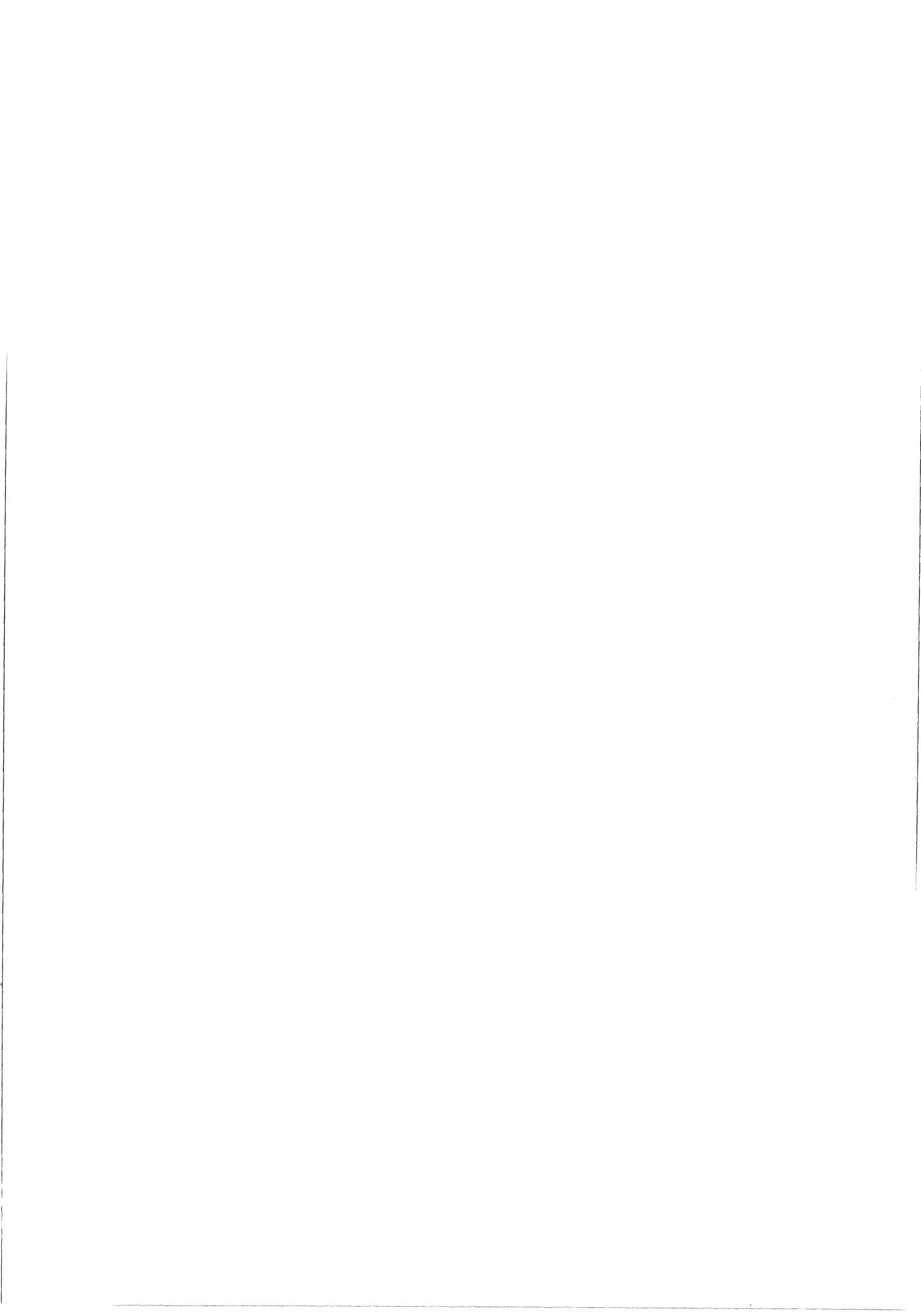
Six changes in the organizational life of 'The Bean Shop' are crucial to an understanding of the way in which it developed: some of these were slow changes, others events which occurred fairly rapidly.

- a) The decline of building users meetings and other building users

This took place over a period of several years and was happening before the first study took place. Although welcomed by founder members as a fertile source of ideas, energy, and mutual support, incompatibility between different building users, competition for available resources, and changes in the general economic climate all conspired to diminish the number of individuals and groups seeking accommodation within the building. It proved impossible to organize and run as a collective of building users and the tradition had faded out by the time of this study. Although it was possible for the shop collective to operate more effectively, it also signalled the start of a slow process by which the collective started to drift away from the collective ideal that had been so important to the founder members.

- b) The difficulty of incorporating volunteers

Whilst volunteers were seen by the founder members as an integral part of the organizational fabric, their status within the organization became increasingly problematic. The probationary period served by



volunteers became increasingly lengthy and their full membership of the co-operative became dependent upon either the resignation of one of the existing partners or the expansion of the business. Changes in the wider economic climate and rising unemployment may have contributed to a slowing down in the rate of turnover of existing partners, and both ideology (ie, the commitment to a convivial and relaxed working environment) and more practical considerations (the comparative lack of appropriate business skills amongst partners) meant that the expansion of the business was hard to accomplish. More recent attempts to improve the profitability of the business may have rendered the position of volunteer and other, casual workers even more problematic. As the casual workers wages for the year ending 1984-5 (see above) show, the partners were increasingly resorting to hiring the labour of non-members, although all workers, member or non-member, were invited to attend meetings.

#### c) New premises

The eviction of the collective from their original premises and the new premises they came to occupy markedly changed the organizational structure - and also, perhaps, the outlook of the partners. Firstly, the collective were unprepared for the notice to quit. They did not expect it and had no accumulated reserve upon which to draw to assist in reducing the cost of finding new premises. Whilst they spent considerable time discussing the implications of a move to a busier trading location or remaining on a small side-street, the reality of their situation was that they could not afford the luxury of such a choice. Whilst the partners resisted attempts by an outsider to influence the outcome of their deliberations, the premises they eventually came to occupy were offered to them by a sympathetic customer and the collective was very lucky to survive.

The changed physical location of the shop and the need for a separate warehouse because of the new shop's smaller size meant that changes occurred in the pattern of working relationships between partners: there was less opportunity for flexibility, and co-ordination of decision making became more of a problem.

#### d) The lock-up shop

The lock-up shop was opened, and closed, in the period of time elapsing between the original study and this later research. The initial decision to open such a shop was taken for several reasons. Firstly, it was seen as a response to the notice to quit served by the owners of the original building: a way of spreading the risks and trying to ensure the survival of the

collective in some form, come what may. Second, and perhaps more important, it was a response to a need to provide a long-serving volunteer/casual worker with full-time employment and partnership status. Third, it was consistent with the desire to members to maintain small, friendly and informal working environments, wherever these might be. The decision to open a lock-up was therefore not taken only for commercial reasons.

The lock-up proved to be a failure: a poor trading location meant that it failed to generate sufficient trade to be economically viable. Whilst the collective cited the major building project and disruption of trade following extensive roadworks on the site, which affected out of town trade it is equally possible that most of the customers using the shop were local. In addition, the geographical isolation of the lock-up from the other buildings used by the collective - amplified because the lock-up did not have a telephone - created further problems of co-ordination and may have made members reluctant to work there. The idea of expanding the business by opening a federated network of small shops in different parts of town was effectively abandoned by the time this study took place.

e) Attempts to increase profitability

Improving the profitability of the business became an aim of the collective comparatively recently. In the early days, the collective was prepared to sacrifice efficiency and productivity in order to maintain a friendly and tolerant working environment. Their eviction from the original premises, and growing discontent with poor remuneration led the partners to begin to think of ways of improving profitability. One impediment to this process was the contradiction between this desire and the service orientations of the founder members: a tradition that the current partners were proud of maintaining. The arrival of dependants and increasing family responsibilities meant, however, that changes in these service orientations became increasingly necessary, and there was a corresponding change in outlook on the part of members and less resistance to modifications to these service orientations. Despite this, the attempts made by the collective to increase profitability through growth were not very successful, due to undercapitalization and a shortage of appropriate skills and experience.

f) Changes to the original objectives of the collective

The contradiction referred to above between service orientations and the need to improve profitability was one of a number of changes to the objectives of the

founder members that occurred over a several year period. The status of volunteers had become increasingly problematic. Attempts to organize the building in a collective way had failed and other building users diminished in number, until the shop collective remained alone. Attempts to establish a rural arm to encourage local growers to supply the shop had not been as successful as the collective's earlier members might have hoped. Finally, there had been retreat from the collective ideal. These early objectives were both a problem and a source of other problems, and I will explain why this was so in a subsequent part of this chapter.

### Stages in the development of 'Whole Grain Foods'

The development of 'Whole Grain Foods' both as a business and as a co-operative has four important stages: again, some of the events took place slowly, others were events the consequences of which rapidly became apparent.

a) Registration of the business as a co-operative 'Whole Grain Foods' was originally established as a partnership, and for the objective of promoting wholefoods. Although the partners were effectively the management structure of the business, other workers sharing the same ideals were not prevented from participating in the management of the business. Therefore, although legally a partnership, from the early days the enterprise functioned in an informal and democratic way.

The decision to re-register the business as a co-operative was taken for several reasons. First, it was intended to meet the need for a more formal structure that would maintain the co-operative spirit of the business, whilst ensuring that this spirit was not abused by people less committed to its objectives. (This had occurred in the recent past before registration.) It also came to be seen as a way of making a fresh start and re-affirming commitment by improving morale: shortly before re-registration the warehouse had been destroyed by fire. However, the decision to register as a co-operative did nothing to alter the organizational structure, or reduce the potential for conflict between individual members.

b) The growth of the shop and the amalgamation of the bakery and shop premises

The rapid growth and economic expansion of the co-operative is a factor of key importance in understanding the shape of the development of the co-operative. Growth was seen first by the partners,

later by one or two early members of the co-operative -- particularly Simon -- as a means of fulfilling the central objective of the enterprise: the promotion of wholefoods. As I have already suggested, the first study indicated that the conflict between the shop manageress and her deputy was effectively a challenge to the division of labour that had occurred early in the life of the enterprise as a consequence of rapid growth. It was the need to ensure continuity and efficiency which determined the outcome of the dispute. The outcome of this conflict did nothing to resolve the underlying issue, however, which was really about the status of the internal social objectives of the co-operative.

The major expansion of the shop and amalgamation of the shop with the bakery which occurred over the period between the first study and the current research was accomplished for the same reasons, and in much the same way, as preceding phases of economic growth. Labour turnover before and during this latest phase of development remained fairly high at the shop, and few members had been involved in the co-operative long enough to weigh up the consequences of such ambitious plans. In effect, only one member, Simon, was in charge of planning, implementing and overseeing the building work and the other tasks necessary to ensure that the development was completed.

This expansion had three related effects upon the co-operative. Firstly, it placed an almost impossible burden of responsibility upon more senior shop workers -- particularly Sarah and Clare -- to introduce management systems, improve the co-ordination of decision making, and generally ensure that the greatly enlarged shop ran smoothly and efficiently. Apart from their comparative lack of experience, these demands had to be met within the context of a workforce, many of whom were eager to participate in the control of the business, had particular expectations about their working lives, and were unlikely to accept without challenge orthodox managerial procedures and prerogatives. Secondly, when the shop failed to make a trading profit in the first year after expansion had taken place, the competence of shop workers was called into question by some of the warehouse workers, particularly Ian. (In fact, no projections had been shown to other members of the co-operative by Simon, and it appeared that he kept such figures in his head. It is therefore worth remembering that it may have been anticipated that the shop would not run profitably for the first few years of its trading life after expansion. Simon was ambiguous about this.) Third, the lack of profitability and the conflict, criticism and general lack of insight or support offered to the shop by the warehouse workers

contributed greatly to the poor morale amongst the shop staff at this time, particularly amongst those occupying management roles.

c) The expansion of the warehouse

The expansion of the warehouse followed a similar pattern to that occurring during the expansion of the shop. It was undertaken for the same reasons, and mostly by the same person, Simon. Many of the effects of the expansion which occurred resembled those effects at the shop. The first years figures after expansion revealed, ironically, a reversal in the fortunes of the warehouse and the shop: whilst the shop made a slight profit, the warehouse, for the first time, made a trading loss. Warehouse workers felt that the increased workload and responsibilities placed upon them - partly inevitable and partly because effective stock control and bookkeeping systems had not then been introduced - were burdensome, as they received no more pay for performing these extra duties. As they had expected that the expansion would improve profitability and therefore wage levels, they were disappointed by this. In addition, the expansion led to an increase in the numbers of workers employed and an increase in the number of casual workers employed. Finally, the manner in which the organizational structure of the warehouse developed differed markedly from that of the shop: increasing the distance between shop and warehouse. I will discuss this in more detail below.

d) The departure of key workers from the co-operative

Shortly before this later study took place, several members of the co-operative, all of them individuals who had formerly held positions of considerable responsibility, left the co-operative. These people were Simon, Marion, Sarah, and Ian. Their reasons for leaving were all somewhat different. Simon left the co-operative because his proposal to expand the wholesale side of the business further by establishing a wholefood warehouse in London (with generous financial aid from GLEB(5)) was rejected by the co-operative. He left the co-operative to establish another, non-co-operative company that specialised in organic wholefoods. Marion left to join Simon, although her enthusiasm for co-operatives appeared to have been undiminished, she felt that the efforts she made as a member of 'Whole Grain Foods' had been largely unrecognised and had reached a point where she could no longer tolerate the inefficient working practices, conflict, and low pay that seemed to her unavoidable at 'Whole Grain Foods'. Sarah left, after some deliberation, because she felt that her 'heart was no longer in it' - and rather than continue working feeling less than positive about her job, she had

decided to try to find fulfilment elsewhere. Finally, Ian, who had for some time been unhappy about working within the co-operative structure at 'Whole Grain Foods' was offered employment elsewhere by an importer and distributor of wholefoods based in the same area.

It was too early to establish what the consequences of these resignations would have on those remaining, but it undoubtedly signalled a new stage in the development of the co-operative, both difficult and challenging for those remaining.

### Explaining the differences in development

The examination and interpretation made of the problems and issues in the two separate pieces of research has pointed to underlying difficulties - ultimately responsible for many, if not all, the problems and issues affecting the two enterprises. In this section, I will try to develop the analysis of these underlying difficulties.

### The Bean Shop

Most of the issues identified by members of 'The Bean Shop' in this study appeared to be related to past problems, and two significant changes in the objectives of the collective.

Firstly, members of the collective felt that the business was not profitable enough. As I have suggested already, the profitability of the business had only emerged as an important objective comparatively recently. Several years ago, the collective would undoubtedly have emphasised other objectives, as well as, or before that of profitability.

The non-economic objectives of the collective also appeared to have changed. Whilst these changes were occurring whilst the first study was taking place, further changes - in the same sort of direction, seemed to have occurred. I have suggested already that the failure of the collective to achieve many of its early objectives contributed to the evolution of a general individualist principle, the character of which may have created benefits for individual workers, but also problems of co-ordination of decision making, ambiguities in the relationship between formal and informal procedure, and resulting from this, many of the conflicts that had occurred between members.

### 'Whole Grain Foods'

Many of the issues identified in this and the earlier study of 'Whole Grain Foods' can be traced back,

ultimately, to the fact that the original objectives of the co-operative - inherited from the partnership - were insufficiently comprehensive, and permitted the distorted development of the co-operative. This can be explained as follows.

The objectives of the partners, and the formal objectives of the co-operative were clearly articulated. These were the provision of the highest possible quality wholefoods, and general advice on the preparation of such foods. However, the economic and social objectives of members were not so clearly expressed. This was identified by many of those interviewed as a problem. It also seemed to be strongly linked with the other difficulties and issues raised by members during the interviews. For example, it enabled Simon to function as entrepreneur for the co-operative without being made accountable to it, formally speaking. The co-operative remained dependent upon him throughout all the major phases of economic growth. Simon, however, saw himself as implementing and fulfilling what were the formal objectives of the co-op. His departure from the co-operative may, however, have created major problems for remaining members, due to shortcomings in training and recruitment procedures.

Recruitment and training was problematic because of the lack of formal agreement amongst members about the internal social objectives of the co-op: not 'what shall we do?' but 'how shall we do it?' objectives. Differences between warehouse and shop in this respect provide an apt illustration of the point being made. Differences in age and 'stage of life' perhaps made a key difference between shop and warehouse workers in terms of outlook and aspiration within their working lives. Warehouse workers were on average older, and had dependants. Shop workers were younger, more likely to be single and without dependants. Many of the warehouse workers were concerned purely to improve profitability of the business and in consequence, their own financial rewards, and were either indifferent or hostile to the concept of co-operation, as they may have seen it, like Ian, as an impediment to increased efficiency and profitability. Shop workers, on the other hand, seemed to share a different perspective. Whilst they were equally concerned about the profitable status of the business, they were also concerned to develop the business in a manner consistent with the spirit behind the decision to re-register the business as a co-operative.

As the warehouse grew in size, and increasing numbers of workers were employed, there were no criteria available (a consequence, perhaps, of the lack of definition given to the internal objectives of the co-

operative) for guiding the selection of new workers. This inevitably led the warehouse and the shop to drift apart.

### The importance of objectives

In both enterprises, objectives seem to have been an underlying issue to the problems identified. At 'The Bean Shop', the original aims of the collective did not give enough credence to economic objectives, and the inability of the partners to achieve many of their formally stated objectives seemed to contribute to the development of an underlying individualism that permeated the organizational structure and internal objectives of the collective. Belated recognition of the economic pressures that the collective faced, plus acquired family commitments, undoubtedly contributed to the present desire of the collective to improve the financial performance of the enterprise.

The original objectives of 'Whole Grain Foods' were the promotion of wholefoods. The internal and financial/economic objectives of the co-op were not similarly defined. Whilst the expansion of the business fulfilled the objective of promoting wholefoods, and also, theoretically at least, the objectives of those members of the co-operative who were motivated primarily by a desire to improve their economic rewards, these two aims were not synonymous. Financial difficulties following the expansion of the shop highlighted in a dramatic way the differences in objectives between members of the co-operative, and a drift towards the development of what were generally perceived to be incompatible objectives.

### Some key dynamics of organizational life

In this final section, I will briefly summarise some of the more important underlying features of organizational life emerging from the study.

#### a) Changes in member commitments

As members of the two organizations studied grew older, their level of outside commitments changed, and their financial needs increased. Starting a family, or having to support one, lay behind much of the pressure for wage rises and improvements in profitability at both 'The Bean Shop' and 'Whole Grain Foods'. This, in turn, led to pressure within the organization for economic growth as a way of meeting these needs and increasing responsibilities.

#### b) The impact of growth

Economic growth imposed costs as well as the promise of benefits in both organizations. At 'The Bean Shop' the immediate impact of growth was in terms of the challenge it made to the long established and upheld service orientations of the collective. Longer term, it encouraged the collective to place a greater reliance on casual workers - potentially undermining the democratic aspirations of the collective as the casual workers had no legal stake in the enterprise and were much less likely to attend the weekly meetings of the collective to participate in decision making and control. At 'Whole Grain Foods' the impact of growth was even more dramatic. Its immediate effects were to increase the amount of pressure experienced in the working day of all workers, but particularly amongst a smaller number of workers holding managerial positions. More efficient use of time, and increases in efficiency and productivity within the organization were not easily accomplished - a problem of inexperience rather than incompetence - and the competence gap between Simon, the development-worker, and other members of the co-operative grew even wider. Failure to anticipate the consequence of such rapid economic growth had, for the short-term at least, a damaging effect upon the internal social objectives of some of the members - particularly those working at the shop. In general terms, the economic growth which occurred reinforced the division of labour that existed within the co-operative, and its dependence upon key individuals like Simon. It also led to some pressure towards differentials to reflect the differences in experience and level of responsibility, which was not a viewpoint to which all members of the co-operative subscribed.

c) The importance of recruitment and training procedures

In both organizations recruitment and training was relatively informal and ad-hoc. At 'The Bean Shop' this was partly inevitable because of the small size of the collective. It was also the case, however, that the individualist culture that has evolved over the years meant that it was difficult for members to assemble criteria for the recruitment of new members, or a body of recognised and commonly shared procedures that could be communicated to a new member as part of their training. Shortcomings in training and recruitment procedures were even more apparent at 'Whole Grain Foods'. The separate development of shop and warehouse were facilitated by the lack of commonly agreed recruitment procedures and training programmes for new workers. This lack, as I have already suggested, was related to the differences in objective between members, particularly between shop and warehouse workers. It was also fostered by the

existence of the wide competence gap between Simon and other members: so as well as there being disagreement about who was the most appropriate type of worker to recruit, and what was the most appropriate kind of training to give, there were also problems arising from the failure of the co-operative to establish procedures for the routinization of entrepreneurial decision making.

- d) The relationship between entrepreneurs/leaders and the rest of the organization

People with management skills, experience, and entrepreneurial flair are all important to co-operative organizations. As the case study of 'The Bean Shop' indicates, the absence of particular business skills meant that the collective were handicapped in their efforts to expand the business and its profitability. By contrast, 'Whole Grain Foods' was much more successful - in certain respects at least - in its efforts to expand. It is arguable, however, whether the expansion of 'Whole Grain Foods' would have occurred at all had it not been for the efforts of Simon. Nevertheless, Simon's role within the co-operative contributed to a number of other difficulties, primarily because of his comparative lack of accountability to other members of the co-op. The issue of accountability, however, has three main facets.

- (i) First, for historical reasons, and due to his commitment to the formal objectives of the co-operative and his ability, Simon was in a strong position to determine the directions and speed of economic growth within the co-operative.
- (ii) There was also the issue of the lack of interest by other members in making Simon more accountable. This may have been either because of apathy and cynicism due to the failure of the co-operative to resolve the question of accountability in the past, or because of lack of interest or ability amongst members: an attitude in which members were happy to avoid the responsibility of participating in certain levels of control of the enterprise. These sorts of difficulties were perhaps amplified by the shortcomings in the recruitment procedure.

(iii) Third, Simon also faced difficulties in routinizing aspects of his role. The sharing of business contacts, the passing on of complex and rapidly changing information etc were problematic. Contacts must have confidence in the person with whom they deal - or such things as credit, or other discretionary benefits accruing from the goodwill necessary to conduct an effective business relationship - will be unforthcoming. The establishment of management systems to enable this to occur also required particular skills, which Simon did not seem to possess, and spare time and energy, which Simon seemed reluctant to commit if it affected the more entrepreneurial aspects of his role. In addition, Simon may have been daunted by the prospect of having to teach things to members who, for reasons already suggested, may have been unwilling or unable to learn. Not all the members objected to the division of labour that existed. Nonetheless, if 'Whole Grain Foods' is to continue to be a co-operative in which a high level of participation in decision making exists, members must find ways of sharing information and expertise.

#### A final note on objectives

The relationship between different objectives within the two enterprises that have been the subject of this study seem to play an important part in determining the sorts of dynamic within the organizational structure of both, outlined above. The parameters of these objectives range from the economic (ie, the maximisation of income, the profitability of the business, etc) through the external-social (ie, the promotion of wholefoods, the development and maintenance of service orientations, etc) through to what may be termed the internal-social (ie, the specific mechanisms and procedures desired by members to ensure particular levels of participation in ownership and control are exercised). Examining the relationship between these goals may be useful in trying to evaluate the performance of producer co-operatives, and below I will define three concepts that may assist in unravelling the relationship between different goals and objectives and the dynamics of organizational life which result from this relationship.

##### a) 'Balance'

A successful co-operative appears to be one that is able to find a successful balance between its objectives. There appear to be two reasons why such a balance is not often achieved. Firstly, the economic

position of the co-operative may ensure that the economic objectives of a co-operative must be given priority: a poor trading location, a new, or a competitive market will all influence to varying degrees the emphasis the co-operative must place upon economic aims. If the co-operative ignores these external factors then it will more likely than not fail. Secondly, one set of objectives may be promoted at the expense of the other for reasons of ideology - for example, due to a desire to promote the product or service, or the wish to create and maintain a relaxed and convivial working environment.

There are essentially two reasons for co-operatives to strive to attain a balance between their aims and objectives. The first is a moral justification. Co-operative Rules embody values and principles that transcend the premises of the capitalist free market economy, which regards the working behaviour of men and women as an overwhelmingly economically motivated activity. Co-operatives are in the free market capitalist economy but not of it - instead, they are in a fundamental way designed to allow their members to pursue both economic and social objectives. This is reflected in the circumstances of their origins in the 19th Century as a response of the labouring classes to capitalist production, both socially, through attempts made to create non-alienating working relationships, and economically, through the attempts that were made to prevent economic exploitation, create and protect jobs, and realise the fruits of production. Morally, therefore, the pursuit of one set of objectives at the expense of the other is not easily justified. However, there is also a second, pragmatic, justification. This involves consideration of what happens when the two principal categories of objective, economic and social, extrinsic and intrinsic, become out of balance.

#### b) Organizational drift

Drift occurs as a result of the perceived non-fulfilment of a particular set of objectives, once embodied in the agenda of organizational life and shared by some members. The detachment of unsuccessful or unrealised objectives from those that are successful can be said to permit the further elaboration of both sets of objective without reference to one another. The greater the perceived gap between fulfilled and unfulfilled aim, the weaker becomes the consensus required for the organization to continue to function smoothly and without major changes. This has two effects:

(i) The non-legitimation of normative roles and positions of responsibility within the co-operative, either directly by challenges to these normative roles, and sporadically occurring conflict, or through withdrawal of support for initiatives taken, a refusal to participate, and resistance to change.

(ii) The establishment of a presuppositional consensus which enables the coalition of interests required for the organization to function to continue, but which, through stifling conflict, prevents the creative expression of differing views and an ambiguity between collectively held and individual objectives.

c) Organizational slack

If this theoretical model of the relationship between objectives in the case studies of these two organizations is correct, then one mechanism that may be employed to prevent the occurrence of drift is that of organizational slack. Lockett (1978) defines slack as

'...the excess of total resources available to members of the coalition of interests running the organization over the 'necessary payments' required to maintain that coalition.'

Essentially, Lockett's contention is that organizational slack in the form of excess resources can be used to offset the costs of participation in co-operative organizations. Conversely, an absence of these excess resources may frustrate attempts to develop democratic procedures and there may be instead a tightening of control over the available resources by those with the power to exercise his control.

If one accepts the central importance of the relationship between different kinds of aim and objective in shaping the dynamics of organizational life and many of the problems and issues confronting members, then Lockett's cost-benefit analysis in terms of organizational slack can be usefully applied to develop our understanding of the relationship between objectives. For example, what may involve costs for one kind of aim may involve benefits for another. However, the different kinds of benefit which may accrue may create an excess of particular kinds of resource, or slack, which could be utilised to reduce costs to another kind of aim. Put crudely, the pursuit of economic objectives, and consequent economic success will give the co-operative economic slack that may be utilised by members to develop the co-operative's social aims: the training of new members,

experimentation with different kinds of work organization, payment for attendance at meetings, etc. Alternatively, pursuit of internal-social sorts of objective and consequent success in these respects may generate a different kind of slack that could be used to promote the development of economic objectives: goodwill, tolerance, selflessness, friendliness: all these sorts of qualities may generate a general atmosphere conducive (though not automatically leading) to improved productivity and efficiency.

**FOOTNOTES**

- 1 With respect to the issue of pay, those who did find areas of the pay structure problematic were generally those who sought greater remuneration.
- 2 The new company moved out of the warehouse shortly after the period in which this study was written up.
- 3 Casual workers were a potential problem because theoretically they constituted a exploitable group within the co-operative due to the fact that they had no employment rights or ability to exercise participation in ownership or control. Their comparative lack of responsibility and low level of commitment to the co-operative encouraged a view (amongst some of the warehouse workers who were members of the co-op) that the existing status of packing room workers was the correct one, and that their employment by the co-operative was consistent with the desire of warehouse workers to maximise opportunities for the economic expansion of the business. That casual workers were probably not exploited, on balance, was irrelevant to this fact.
- 4 In general terms, meritocrats were likely to assume that individual members possessed different abilities, levels of commitment, and motivation, and that such differences should be rewarded in the pay structure/management structure of the co-op. Egalitarians on the other hand, tended to assume equality in such concepts as ability sought to reduce the extent of pay differentials and favoured the adoption of more democratic working practices.
- 5 GLEB: Greater London Enterprise Board.

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**APPENDIX****Interview with Founder Members and Knowledgeable Outsiders Historical Development of Co-op: Major issues, developments, problems****Origins**

- 1 When was the co-op started?
- 2 Why was the co-op started?
- 3 By whom? Who were the founder members? What were their backgrounds, motives? Are they still in the co-op? Can they be contacted? If they left why?
- 4 Where was the co-op started? Have promises changed? Why?
- 5 Were there difficulties/problems in starting co-op eg finance, premises etc etc?
- 6 Did the co-op receive any external assistance?

**Objectives**

- 1 What are the co-op's formal objectives?
- 2 What does the co-op say about itself to the outside world? (Collect information they hand out about themselves - eg marketing blurb.)
- 3 Have the co-ops objectives changed?
- 4 Are the objectives widely shared/known in the co-op?
- 5 Do different people/groups put emphasis on different objectives?

**Business**

- 1 What does the co-operative do? ie what business is it in?
- 2 Has this business changed since it started?
- 3 How has the business developed/changed and why? (Probe: products/services, markets served, etc.)

**Size and Recruitment**

- 1 How big is the co-op now?
- 2 How has the size of the co-op changed? (reasons for change)
- 3 What has the staff turnover been?
- 4 How are new people recruited?

- 5 Probe reasons why people have left. (Note any interesting people we might want to follow up and interview.)

### Decision-Making

- 1 How do decisions get made in the co-op?
- 2 How are meetings run: re chairing, agendas?
- 3 What is the style of decision-making eg voting, consensus etc?
- 4 Has this changed over the life of the co-op?

### Co-ordinating and Contract Functions

- 1 How is work in the co-op co-ordinated?
- 2 How do people know what to do?
- 3 If someone is not doing their job properly how is the issue handled?
- 4 If someone has to be disciplined how is this done?
- 5 If someone has a grievance how will it be dealt with?
- 6 Has this changed during the life of the co-op?

### Marketing

- 1 How does the co-op market itself?
- 2 Who carries out these tasks? (Probe: specialists vs job rotations. Reason for this?)
- 3 How is it decided what should be done?
- 4 Has this changed over the life of the co-op?

### Administration

- 1 What are the main admin jobs?
- 2 Who does them? (Probe: specialist vs job rotation. Reasons for this?)
- 3 How is it decided what should be done?
- 4 Has this changed over the life of the co-op?

### Financial Management

- 1 How does the co-op manage its finances?
- 2 Who carries out these tasks?
- 3 How are decisions made in this area?
- 4 Has this changed over the life of the co-op?

### Critical Events/Changes

- 1 What do you think have been the changes in the way the co-op works?
- 2 Has the co-op experienced any major business, or organizational problems in its life? Get an account.
- 3 If you think back what have been the most memorable events in the life of the co-op to date?
- 4 Try to explore any important internal conflicts in the co-op.

### Terms and Conditions of Employment, Payments and Rewards

- 1 What is their payment structure in the co-op? How is it decided? Are there differentials - how are they set? Are there bonuses - how are they decided?
- 2 How do terms and conditions of employment compare with other similar businesses?
- 3 How have your own terms and conditions changed since formation?

### External Relations

- 1 What are the main links of the co-op with its environment? eg CDA, other co-ops, labour movement, professional/trade association, other similar businesses etc.
- 2 What external support has the co-op got eg friendly professionals, other co-ops etc?
- 3 Has co-op had problems from outside because it is a co-op?

### Finance

- 1 How is the co-op financed? - explore internal and external financing.
- 2 How did founder members acquire resources to start the co-op?
- 3 How has pattern of financing changed and why?
- 4 Has co-op experienced any problems in obtaining finances?
- 5 Has co-op experienced any problems in managing its finances?

### External Advice and Assistance

- 1 Has co-op had any external advice and assistance?

- 2 If yes:
  - who from?
  - as what issues?
  - how effective was it?

### Skills

- 1 What are skills, qualifications backgrounds of key workers?
- 2 Has co-op experienced problems in getting people of the right skill? why? Does it relate to being a co-op?

**General Interview with Members: Member background, attitudes and \_ experiences of working in a Co-operative**

### Joining the Co-op, Motivation

- 1 When did you join the co-op?
- 2 Why did you join the co-op?
- 3 Did you know anything about worker co-ops before joining?
- 4 Was the fact that this was a co-op of any importance in your decision to work here?
- 5 Why have you stayed here?
- 6 What if anything would entice you to change jobs?
- 7 What do you like most about working here?
- 8 What do you like least about working here?

### Background

- 1 What did you do before joining the co-op?
- 2 What qualification, experience do you have?
- 3 What are your main interests activities outside of work (probe for political, community activism)?

### Job

- 1 Can you describe briefly the job that you do in the co-op? (Probe for additional tasks eg admin.)
- 2 Has your job changed or developed since you first joined?

- 3 How does your job here compare with similar positions in other conventional businesses?
- 4 Has the co-op given you the opportunity to learn any new skills?
- 5 Has working in the co-op affected your attitudes towards work at all?
- 6 Do you feel that you work as hard in the co-op as in other jobs you have done?
- 7 Has the co-op affected the way you work?
- 8 How satisfied with work are you compared with others you have done?

### Objectives

- 1 What do you think are the main aims or objectives of co-op?
- 2 Is this view shared by other members of the co-op?
- 3 Do other people think the co-op has different aims?

### Co-operation

- 1 What does being a co-op mean to you?
- 2 How would you explain what a co-op is to a friend that had no idea what one was?
- 3 What do you think the most important aspects of being a co-op are to you? (Probe: ownership, access to economic returns; ability to affect decisions; developing new skills etc.)

### Meetings and Decision-Making

- 1 Do you usually go to meetings of the co-op? (Probe reasons - particularly if not.)
- 2 Do you enjoy meetings? Why?
- 3 What (if any) aspects of the meeting interests you most?
- 4 How actively do you take part in meetings? (Probe reasons behind answer.)
- 5 Who do you think speaks most often at meetings?
- 6 How are decisions usually made at meetings? (Probe consensus, majority etc etc.)
- 7 Are all decisions taken at general meeting or are some taken elsewhere? (If some taken elsewhere, probe what decisions and how they are taken.)

- 8 Do you feel that you personally are able to influence the way decisions are made? (Probe for reasons behind answer.)
- 9 How much influence do you feel others in the co-op have? (If possible get the person to rank people (or groups?))
- 10 Does the fact that different people have different amounts of influence matter? (Probe)
- 11 Do different people have different roles or specialisations in meetings? (eg leader, organiser, facilitator, some people good at business.)

#### Changes/Development/Problems in the Co-op

- 1 What events or incidents have been most memorable to you whilst in the co-op?
- 2 Have there been any important developments or changes in the business side of the co-op whilst you have been there?
- 3 Have there been any important developments in the way the co-op is run, or socially whilst you have been there?
- 4 What, if any, have been the main problems the co-op has faced whilst you've been involved with it?
- 5 Have there been any conflicts in the co-op whilst you've been here? If yes what were they about? How were attempts made to resolve them? Were they successful?

#### Social Relations in the Co-op

- 1 Who do you see most of in the co-op? Who do you talk to most?
- 2 Do you meet any members of the co-op outside work as friends?
- 3 Do you think that there are any problems in combining friendship with working relationships?

#### Impact on Attitudes/Ideas

- 1 Has working in the co-op changed your attitudes or opinions in any way? (eg about work, about organisations, about business, about relationships with other people.)

Costs and Benefits of Working

- 1 What do you think are the costs and benefits of working in a co-op?
- | benefits<br>(possible) | costs<br>(possible)       |
|------------------------|---------------------------|
| (Probe: 1 more control | 1 too much responsibility |
| 2 more interesting job | 2 too many job demands    |
| 3 material benefits    | 3 too much conflict       |
| 4 in line with values  | 4 low pay                 |
| 5 new skills           |                           |

Business

- 1 Do you feel you understand the business side of the co-op?
- 2 Is your knowledge sufficient to be able to influence decisions?

Emerging Issues

- 1 Discuss and follow up important issues that have emerged in previous fieldwork as necessary.
- 2 Follow up specialties or areas of expertise the person may have eg finance, marketing, production control.

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