

# The British retail co-operative movement

Weekes, Richard John

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**THE BRITISH RETAIL CO-OPERATIVE MOVEMENT**

The Co-operative Movement and an evaluation of the Co-operative Difference.

BY

RICHARD JOHN WEEKES

A thesis submitted to the Business School of the University of Central Lancashire in partial fulfillment for the requirements for the degree of Master of Arts (by research) July 2004.

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## ABSTRACT.

The research concluded that whilst the Co-operative Movement has identifiable qualities and characteristics which are (or could be made to be) different from its competitors, it has as yet not shown a determination or consistency of purpose in making the most of these elements to further its aims and ambitions. It was found that for greater consistency to occur, a more unified approach or framework was required which might be achieved through the further judicious use of strategic alliances, mergers and the like. From those surveyed, social, democratic and cultural dimensions were still felt to be important to the future success of the Co-operative Movement and yet there was found to be a clearly identifiable gap between perception and reality both in terms of what people believed was necessary and what was actually being done and between ideals and commercial reality. Ethics too were deemed important and in this research interviewees put forward the views that co-operative management particularly within an alliance, could help smaller independent co-operatives communicate the ethical position of the wider co-operative community in a mutually agreed format thereby promoting and benefiting from a wider recognition and representation of such matters. It was found that the Co-operative Movement had a strong culture based on a strong heritage. There was a widespread belief that there was an importance to having a strong culture and heritage in that it helped people to be confident in their choice of who they wanted to do business with. It was stated in the research that only a co-operative can differentiate itself via the co-operative difference therefore it would appear that if only co-operatives could approach their points of difference in a more cohesive manner then they may have a real strategic opportunity. In conclusion the research pointed out that for this to happen much depended still upon a wider recognition and communication of same throughout the Co-operative Movement since the evidence pointed to a significant gap still between what managers, employees and customers all thought and believed about many of the issues discussed herein.

## INTRODUCTION

This thesis seeks to explore some of the internal and external dynamics of the Co-operative Movement through an examination of, in the first instance the co-operative ethos which is thought to make it different to its competitors. In order to do this, surveys were constructed and undertaken to investigate employee and customer perceptions of this. Derived from available literature on the subject, themes of concern around which questionnaire and interview formats were ultimately formulated, were identified as social, ethical and cultural. From an examination of these, the research sought to arrive at a conclusion as to the possible advantages of incorporating any co-operative differences in these areas as a central tenet of differentiating themselves from their competition and beyond that, as a plausible means of achieving competitive advantage although this latter point was not ultimately specifically explored within the parameters of the current investigation.

Within the general framework the project commences by focussing on the definition of a co-operative society which is followed by a review of the philosophical and ideological issues of social co-operation. Literature is then reviewed under the four key themes of social, ethical, cultural issues and co-operative points of difference to keep the research in focus. This is followed by the research methodology including a discussion as to why certain approaches were favored over others.

Essentially, a response was sought to the contention that the Co-operative Movement is forgetting its roots and is increasingly becoming like any other large scale private enterprise. This contention quite naturally led to a consideration of the rationale behind co-operative social, ethical and cultural policies and their methods of incorporation into the much wider co-operative difference. The thesis then makes final conclusions upon how the Co-operative Movement could incorporate and most importantly communicate its point of difference that may help ensure the continued viability of it within to-days highly competitive markets

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## A LIST OF STANDARD ABBREVIATIONS

CIS	The Co-operative Insurance Society
CWS	The Co-operative Wholesale Society
CRS	The Co-operative Retail Services
ICA	The International Co-operative Alliance
CIC	The Consortium of Independent Co-operatives
CRTG	The Co-operative Retail Trading Group
CU	The Co-operative Union
CICR	The Co-operative Independent Commission Report

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## CHAPTER 1

# THE HISTORICAL DEVELOPMENT OF THE CO- OPERATIVE MOVEMENT

## CHAPTER 1

### 1.1. THE DEFINITION OF A CO-OPERATIVE SOCIETY

All co-operative societies are registered under the Industrial and Provident Societies Act. Quinney (1994:2-7) explained that the Act did not provide a statutory definition of a co-operative society irrespective of whether it was a producer, consumer or whole-food co-operative. It only provided guidelines to be used at the Registrar's discretion when he was deciding whether to register a business under the auspices of the Act. In a similar context there was no statutory definition of the co-operative movement, which comprises the retail societies collectively. But there was a definition of co-operation, which means working together (Bonner 1961:75-77). The movement works to promote its unique difference and corporate integrity in all walks of life. British organisations usually promote these features at all levels.

The Industrial Common Ownership Movement (ICOM) is also a member of the UK co-operative council, which is a democratic body comprising all the strands of the co-operative movement. ICOM encourages and promotes international issues in both developing and underdeveloped countries. Cattell (1992:57-60) discussed the ICOM and explained that its three primary functions are,

1. To act as a national membership body for worker co-operatives.
2. To provide a range of professional services to worker co-operatives and the wider social community.
3. To be the approved co-ordinating body for all bids to the European Social Fund from the co-operative and community business sectors.

It is also an active member of the European Federation of Worker Co-operatives, which promotes international co-operation, which argues that worker co-operatives have an assured place in the economy. In recent years, an important part of the work of ICOM has been to offer a registration service for new societies. Its registration has

been extended to include charities, voluntary organisations, community businesses, non-profit bodies and housing societies.

## 1.2. PHILOSOPHICAL, POLITICAL AND IDEOLOGICAL ISSUES.

The driving force of the co-operative movement, as with any concept, came from its idealists and their ideals which were strengthened by the infusion of a new philosophy from people who were known as the Christian Socialists. Karl Marx often discussed people working for themselves in a co-operative community based upon mutual aid. The Owenites established the co-operative concept and these were supporters of Robert Owen. (Bonner 1961:75-77 & Cole 1944:12-38)

Co-operative culture was underpinned by a philosophy that was equally important. This philosophy incorporated social welfare, social benefits, mutual co-operation and standards of morality and personal integrity. This was the message of Robert Owen and at New Lanark he built an institution for the formation of character containing school rooms, public halls, community rooms and a nursery school. This concept of Robert Owen was similar to that conceived at Bradford by Sir Titus Salt for the benefit of his workers during the 19<sup>th</sup> century. In fact Robert Owen was first the manager and then the owner of the mill at New Lanark. Owen was both a social co-operator and a philanthropist who believed in promoting the welfare of his employees and helping the wider social community. What followed from this idea was a conviction that people could form co-operative communities and villages of co-operation similar to the one at New Lanark. This in effect should have eased the problem of poverty by allowing working class people to opt out of capitalist society into a "New Moral World" in which they could grow their own food, make their own clothes and eventually become self-governing. Yet the solution to the problem of how to create a co-operative community evaded Owen. First he turned to the Aristocracy and the wealthy mill owners who often assisted him. Then he tried to work through Parliament but he was disillusioned by the first of the Factory Acts and soon lost interest in conventional political reform. Then with some wealthy supporters he began to form communities

both in Scotland and in the USA. He retreated into a kind of co-operative religion of his own making. In 1837 on one of his lecture tours he visited Carlisle and to his surprise noted that there were seven co-operatives still in existence. His philosophy of co-operation caught the imagination of more influential people who were prepared to give the co-operative concept a chance. One of these people was G. J. Holyoake an Owenite missionary who became a lifelong supporter of the consumer co-operative movement. It was Bonner (1961:75) however who described Robert Owen as “ the father of co-operation”

Lancaster & Maguire (1996:3-44) explained that the Labour Chronicle quoted texts from John Ruskin who presented a socialist critique of consumerism during the 19<sup>th</sup> century. Ruskin argued that products should be exchanged on an equal value basis. Along with John Stuart Mill, Ruskin was identified as a person who produced social innovations after Owen. Ruskin shared much of his ideology with J.S. Mill who had been converted earlier to co-operative socialism. The Christian Socialists worked hard and they attempted to establish co-operative societies in many areas.

Margaret Llewelyn Davies was an established social co-operator and reformer and had a lifelong concern with wider social, economic and political issues. Her father was an Anglican Clergyman and Christian Socialist who performed good work for the community. The Trade Union Movement also promoted mutual co-operation during the 19<sup>th</sup> century. Robert Lowery, a radical leader of the late 1830's looked beyond basic retailing and more towards the potential of consumer co-operatives to unite workers in the regions. Lowery himself was a Chartist hence his emphasis on political liberation.

The Redemptionists had much in common with the Christian Socialists. The existence of both these bodies as well as their challenge to the Owenites demonstrated the co-operative community that was based on mutual aid. The Redemptionist's co-operative community lasted longer than any of the ones associated to Robert Owen.

The Christian Socialists, the Redemptionists and Dr. William King, although led by different people in different parts of the country were united in their support of co-operative ventures to achieve wider social goals. Marxism and Fabian Socialism were both ideologies that developed during the late 19<sup>th</sup> Century. Many social reformers supported David Ricardo, an Economist who argued that the value of products was determined by the labour used in producing them. Ricardo suggested that however prosperous the economy, wages should never rise above subsistence level. Ricardo is not mentioned as having directly supported co-operative communities to the extent of King and Owen. Neither has J. S. Mill although the Temperance Movement may have encouraged co-operative ventures during the 19<sup>th</sup> century in Yorkshire.

The Rochdale Pioneer's Society established in 1844 succeeded where the earlier ventures failed because the pioneers established the foundations for a collective co-operative movement around its basic principles. As a result the retail co-operative movement grew to the size that it is today. The co-operative movement was at its peak between the 1930's and the 1950's and it attracted the more price sensitive segments due to the economic conditions. It was an integral part of the lives of its working class members due to the diversity of its activities. All basic commodities both in food and non-food trades could be obtained at the local society together with a range of member services. Members' committees were established and membership based activities were available. It has been argued that you could obtain everything from a co-operative society from the cradle (baby wear) to the grave (funeral trades). Since the 1950's the co-operative movement has contracted but it is still a large-scale retailer with particular strengths in convenience retailing and service trades. It is still a "world wide family" but it is weaker than it once was due to the competitive environment. The co-operative movement may be able to realign its strategy and set corporate objectives to incorporate its philosophy, culture, membership based activities, ethical principles and social responsibilities into a unified plan. It may be possible for the co-operative movement to strengthen, stabilise and sustain its unique point of difference and communicate it more clearly. The Co-operative Bank has produced a positive performance. This reinforces the argument that a co-operative business can

successfully reposition itself in a way that makes it distinct from its rivals by adopting an ethical stance and communicating this to a target market.

### 1.3 THE PRE-ROCHDALE CO-OPERATIVE MOVEMENT

What is less well known is that “Rochdale” represented both a starting point and the culmination of previous experimentation. The earlier co-operative development, was a more broadly based movement of co-operative societies. This movement was under the influence of Robert Owen, a social philanthropist, and involved a vast input of both effort and capital. It created at least 300 and possibly as many as 500 retail outlets, but it subsequently collapsed. Birchall (1997:1-11) stated that the reasons for the failure were the collapse of trade unionism and a downturn in trade in the aftermath of the Napoleonic war. Prior to 1844 the Rochdale Pioneers had attempted several other formulae unsuccessfully, but the way they structured their society in 1844 ensured that it not only prospered, but that the co-operative concept would expand throughout Great Britain.

Bonner (1961:75-77) stated that the first co-operative society was established by the Shipwrights of Woolwich, as early as 1760, they had established flourmills and a bakery at Chatham. The impetus for co-operation was a local monopoly of millers and bakers who had conspired to supply bread at high prices. These pre-Rochdale examples of co-operatives were often successful and they encouraged competition. He noted that during the early 19<sup>th</sup> century Dr. William King wrote advocating the formation of co-operative societies. The Rochdale Society of 1844 was clearly influenced by Dr. William King a social reformer. Dr. William King between 1827 and 1830, developed a complete social and economic philosophy of co-operation. This is significant because King was in many ways a forerunner of the Christian Socialists of the 1850’s. He thought that co-operatives could stabilise society and he urged workers to obtain mutual aid by establishing co-operatives amongst themselves. King based his theory of co-operation on Christian doctrine pointing to the congruence of the gospels and social co-operation. Early editions of “The Co-operator” were concerned with the

bible and Christianity and they especially addressed this theme. King, contrary to Owen considered the family as the foundation for co-operation in the community. Like the Christian Socialists he saw the importance of going into production especially within co-operative communities. King was also active in the Mechanics Institute Movement who also supported co-operative ventures. He felt that self-supporting and self-governing co-operative communities could show people how they could work towards mutual benefit.

King pointed out that in 1928 working examples of co-operative societies offered a more radical alternative. This is how consumer co-operation developed. Another reason was the need for a store to sell products to members that had been produced by other members. This was to be an opportunity to encourage worker co-operation and consumer co-operation. King noted that the worst commercial abuse was in the isolated industrial villages where there was only one shop. Even where there was competition, the mill owners could pay the workers in tickets that could only be used at a certain shop. In effect, people were obliged to pay more for their food than would have been the case had there been competition. This system of remuneration was described as the "truck system" and it was banned during 1831. However it survived in some industries such as mining and railway building until 1871.

Even where the truck system did not operate shoppers could be tied to one shop by indebtedness. During periods of unemployment and short-time working the shop keeper would often lend goods which had to be paid for later. King quoted evidence that London tradesmen were charging 15 per cent higher prices to indemnify themselves against the risk of bad debts. Because customers were tied to one shop by their debts and there was little competition, profits were reckoned to be high and food was often adulterated. Bonner agreed that food and drink was often adulterated. This was a direct threat to public health and it made the poor poorer. William King gained the respect of his followers when he encouraged them to start their own co-operative society.

There were two explanations for the failure of the pre-Rochdale co-operative movement, one based on outside events and the other on internal weaknesses. Many people turned to political agitation through the Chartist Movement, abandoning the co-operative shops as being less important than the quest for political power. Co-operatives had no legal status, there was no remedy against fraud, they could not rent or own property in their own right and the capital of the society belonged legally to no one. These weaknesses would account for a few failures but not for the majority. There was sometimes a lack of loyalty to both the co-operative society and its stores. The most important reason for failure could be found in the history of the Brighton Society. The society explained that this early venture failed owing to the violation of one of its core principles that were mutual co-operation. These early societies had a limited membership and had not found a way of distributing their surpluses to members as a dividend on purchases. So, it was a failure in the structure of the societies and an inability to distribute some of the rewards of co-operative trading to its members. The Rochdale Pioneers resolved the problem by admitting an unlimited numbers of members and distributing surpluses as a dividend on purchases. King died in 1865 having lived to see the Rochdale Pioneers succeed even though his earlier co-operative movement had failed. He was not involved with the co-operative movement after 1830 but Birchall (1997:1-11) stated that it was a pity that we could not travel back to 1826 and tell these early co-operators why they had failed. Earlier co-operative movements failed for a variety of reasons. The later Owenite movement 1835-1846 termed the socialist movement failed through internal dissension arising from theological differences and from the failings of Robert Owen who was now elderly. Another co-operative movement that held its last congress in 1835 failed due to internal weaknesses and partly from external circumstances. The law was unsatisfactory and it resulted in trustees having the effective control of societies that caused dissatisfaction to the members. Also profits were distributed and not allowed to accumulate as capital, credit was given and the societies became bankrupt. Accounts were not always managed. Societies were failing due to apathy in terms of attendance at members meetings and failing to make members acquainted with the principles of management. There were also external causes of failure. The struggle for the reform bill, the

agitation for factory legislation, the revolt against the Poor Law and the Chartist Movement with their great expectations were all given higher priority.

Bonner (1961:75-77) explained that pre-Rochdale co-operatives were often started during periods of unemployment or after an industrial dispute. In either case, the circumstances bringing the society into being were generally temporary and as conditions changed the need for co-operation diminished. Bonner felt that these issues must have made the smaller co-operative store appear inconsequential. Others had more permanent objectives and were formed for the purpose of escaping the tyranny of the capitalist employer. These owed their origin to the influence of Dr. William King and the Owenites. They offered similar services to benevolent societies or trade unions. A number of co-operative journals were in circulation propagating the ideals and methods of co-operation. However they were not official publications and often had a limited circulation and were badly produced. Steps towards forming a pre-Rochdale co-operative movement were assisted by the holding of co-operative congresses. Between 1831 and 1835 eight co-operative congresses were held and Robert Owen was President of six of these. Dr. William King believed that there was a lack of confidence in the reforms being carried out by governments.

Cole (1944:12-38) published "A Century of Co-operation" and explained that two of the original Pioneers had previously attempted to establish Co-operative Communities and Villages of Co-operation. Members could live together on their own land, work together in their own factories and escape from the competitive industrialism into a "new moral world" of mutual aid. Owen had become the prophet and leader of the British working class and his followers had come to be called "co-operators" or "socialists" and his plan for a "new moral world" was to be known as "co-operation" or "socialism". The heyday of Owenism had passed ten years earlier during 1834 but in the industrial districts there were still bands of faithful socialists who continued to respect Owen. The popularity of Owenism had been strongest from the 1820's to the 1830's. This period beginning with the repeal of the Combination Acts in 1824 had seen the rise of a nation-wide trade union movement inspired by co-operative and

socialist ideals and a growth of co-operative ventures. What had been called the enthusiastic period had in the main ended with the sudden collapse in 1834 of the "Grand National Consolidated Trades Union". The trades union in its fall had dragged down most of the co-operative concepts that had been instituted on a national basis during the preceding years. But a few had survived and the faithful supporters of Owen had stabilised the small societies to preach the co-operative and socialist gospel. In Rochdale up to 1844 these supporters were the socialists and their headquarters were at the Socialists Institute. This was a name adopted by the supporters of Owen when they reconstructed the co-operative movement following its earlier failures.

Cole stated that co-operation could be traced back to the middle of the 18<sup>th</sup> century and its originators were the workmen employed by the government dockyards of Woolwich and Chatham who in 1760 had founded corn mills on a co-operative basis. There were other co-operative corn mills established at the outbreak of the French wars. Cole explained that Robert Owen was not the inventor of co-operation although he inspired it to become recognised nationally. The workmen of Hull built themselves a co-operative mill that began to produce flour in 1797. A second co-operative mill was established in Hull in 1801 which was called the Hull Subscription Mill. From Hull the movement spread to Beverley and as far as Whitby where a union mill was established in 1812. Sheerness in Kent started a bakery that was called the Sheerness Economical Society in 1816 and this developed later into a general store. Devonport established a union mill the following year and there were certainly many others of which the records have been lost. The first recorded society was the Weavers Society at Fenwick in Scotland. The second was the Govan Victualling Society of 1777. This takes precedence over the earliest known English co-operative society which was named "The Oldham Co-operative Supply Company of 1795". Then in Scotland again the Bridgeton Society of 1800 was formed and the Lennoxton Society of 1812. This was reputed to have adopted a "dividend on purchases" scheme long before the Rochdale Society in 1844.

These were the pioneers of pre-Owenite British co-operation. The Birmingham Tailors are said to have set up a co-operative society in 1777. These beginnings were

not followed up and they never constituted a co-operative movement. Cole believed that had they become widely known they would probably have been many more attempts at co-operative trading during the Napoleonic wars. It was the hardship that followed the wars that brought Robert Owen forward with his plans for the re-organisation of the social system. 19<sup>th</sup> century conditions led to the abuse of the “truck system” whereby many workers were forced to buy their supplies at shops run for profit by managers of the mills where they worked. The revolt against the truck system was a great force that went into the making of the co-operative movement, especially after the provisions of the Truck Act of 1831. In 1817, Owen outlined his plans for the employment of the poor in villages of co-operation that would reproduce the many features of his New Lanark mill. Employees in these villages of co-operation could provide for their own needs. He conceived that if these concepts were successful it could encourage more villages of co-operation to be established. This was Owen’s “new moral world” based on the principles of co-operation and human fellowship which he argued would supersede the “old immoral world” of competition and exploitation. In 1822, supporters of Owen published the first co-operative journal and in 1824 a second London Co-operative Society was established near Kings Cross which became a centre for Owenite propaganda. An additional village of co-operation was established in Lanarkshire during 1823. In 1825 Owen started a co-operative community based on common ownership, common sharing and collective labour at New Harmony in the USA. This was a village of co-operation based on the English system. In the 1820’s a society was established in Brighton and similar societies were established in Worthing, Tunbridge Wells, Canterbury and Gravesend. At this time several co-operative publications were available which were The British Co-operator in 1829, The Associate in 1830, The Co-operative Miscellany in 1830 and The Lancashire Co-operator in 1831 together with The United Trades Co-operative Journal in 1831, (Cole 1944:12-38).

The first known co-operative society at Rochdale was the Friendly Co-operative Society of 1830. It was a society of flannel weavers arising out of the industrial disputes of 1829. Many others were established for similar reasons. Many of these

were co-operative propaganda societies formed with a purpose of encouraging others to establish villages of co-operation. Cole noted that there were a dozen or so co-operative societies established between 1826 and 1828. Then came a sudden increase. Sixty societies were established in 1829 and nearly fifty more in 1830. In addition, a large number were established between these years for which an exact year of origin cannot be given. Another dozen were established in 1831 and another thirty in 1832 and many more which no official or complete records remain. Altogether two hundred and fifty societies were established between 1826 and 1835. These were the years in which early co-operation flourished. There were attempts to establish societies in Birmingham, Norwich, Ipswich, Cambridge and Oxford in addition to other industrial areas. At this time the Owenites were forming a British association for the promotion of co-operative knowledge and were organising annual co-operative congresses.

The Co-operative Wholesale Society often published commemorative booklets to celebrate the anniversaries of independent societies. The CWS (1930:7) confirmed that co-operative societies working on a co-operative basis existed in the 1820's. The CWS agreed that between 400 and 500 societies existed by 1832. It stated that it was due to Robert Owen's conviction that so many societies were established. But many of them did not succeed and the pre-Rochdale movement collapsed. However, it was the seed that was sown by Owen that was destined to bear fruit and it was an Owenite that conceived a plan that made co-operative societies successful. The Co-operative Union (1906:35-36) confirmed that it was not the original 28 pioneers that conceived the idea of co-operation. It added that there had always been some mutual help between people. The Union suggested that a tailors shop in Birmingham established in 1777 was probably the earliest recorded co-operative society. The next society (started by a Bishop) was probably in Oxfordshire. Some old societies claimed that they traded on the same principles as the Rochdale Pioneers. The Union claimed that the People's Charter became known as the chartist's movement although it failed due to poor leadership and a lack of cohesion. The pressure for the repeal of the Corn Laws was at its height because workers were living hand to mouth in difficult conditions.

The Exchange Bazaar opened in London in 1830 by the British Association for the Promotion of Co-operative Knowledge and this bazaar was encouraged by Owen. By the summer of 1834 Owen had become fully aware of the collapse of the co-operative movement in which he had encouraged. Later, and under Owenite influence, plans had been conceived for the establishment of the National Consolidated Union Bank and the setting up of large co-operative societies for production in every trade and district. In 1840 Owen established yet another community-making body which was the Home Colonisation Society on which to establish a village of co-operation based on community living. Owen remained interested in community-making and in the establishment of co-operative communities. But co-operative stores that did not want to expand did not enter into Owen's ambitions. Owen was only interested in co-operative stores if they could be used as a vehicle to achieve his wider social aims. During 1841 the Owenites decided to call themselves socialists and during this period they established "social institutions" or "halls of science" which were what remained of the Radical Republican Movement established in the 1820's by Richard Carlile. Even in 1846 there were still people who cherished the Owenite ideal of co-operative communities. During the 1840's many people had lost interest in Owenism to support political reforms and Chartism replaced Owenism. Chartism reached its first peak in 1839 when the chartist convention met in London to persuade Parliament to improve living conditions. However, trade and employment were becoming less unstable due to the expansion of foreign markets. The age of Victorian prosperity was beginning and trade unionism and social co-operation were taking on new shapes appropriate to the changing conditions. The season was ready for both the economic climate and for the new co-operation of which the men of Rochdale were the true pioneers.

#### 1.4 THE SUCCESS OF THE ROCHDALE PIONEERS

In 1844, 28 men, some of them weavers and some skilled in related trades, came together to establish a co-operative society which led them to open a shop and formulate principles on which to conduct their business. This established the base for the world-wide co-operative movement. These 28 men were known collectively as the

Rochdale Pioneers because they pioneered the first successful co-operative society. The Rochdale experiment lasted despite the hostile capitalist climate. The retail society was successful and its success was largely due to the use of the dividend on purchases to reward members. Their famous principles ensured both consumer loyalty and commercial success. Co-operative members became used to quality goods and corporate integrity, factors that both enhanced the reputation of the co-operative movement and proved appealing to its working class customer-base.

The success rested on more than managing a co-operative store. The pioneers in effect founded a national movement based on the principles of fair trading which the people of Rochdale found appealing during the harsh conditions of the 1840's. They had vision that was not restricted to their own society and they sought to further the progress of the co-operative movement. The pioneers were men of integrity who believed in benefiting the community by conducting the business with probity and fairness. Much was done to encourage the expansion of other retail societies and people interested in developing the co-operative concept were able to contact the Secretary of the Rochdale Pioneers Society who would advise. The activities and the success of the Rochdale Society led to the establishment of other societies usually in the same localities that had experimented with the co-operative concept before 1844. Societies in these areas that had survived adopted the rules and methods of the Rochdale Pioneers. They came to conform to the Rochdale system. By 1860 many newly established societies had adopted the Rochdale system due to the success of the original pioneers. All retail societies that were established after 1844 adopted the Rochdale system. Their rulebooks incorporated the Rochdale Principles and the provision for member participation in the democratic affairs of the society.

Birchall (1994:1-3) noted that some factors helped the co-operative movement's early growth and the first Rochdale store coincided with an upturn in the economy, the development of the railways and the invention of the penny stamp, all of which enabled the idea of co-operation to spread rapidly. The other feature was the notion of the branch store and the time that they had started trading. Few traders had more than one

outlet, when the Rochdale pioneers began trading they assumed that people wanting their own store would establish their own society.

Doyle (1972:270-278) appraised the Rochdale pioneers who took the co-operative concept and built upon it through the Rochdale principles. The introduction of dividend and a policy of cash trading were considered as prime reasons for the success of the society. The dividend based upon the value of members purchases provided an incentive for active membership. Furthermore, this form of distribution was the most equitable, since it provided equal benefits for all members, irrespective of their income. This, coupled with the refusal of credit that had caused the collapse of earlier co-operative ventures, provided the ingredients of an economic reward. It also provided financial stability and a necessary base for a business. In his view, these two principles were not guarantees of success. They were only basic ingredients in the more complete picture. The business climate of the period had to be receptive to the basic philosophy in order for the concept to succeed. He felt that the Rochdale pioneers and their innovative work was seen as a continuation of the working-class search for self improvement. The society insisted that branch stores must be opened to meet the needs of members. So the co-operative movement learned rapidly how to manage chains of stores. The Rochdale society was the first multiple retailer. It managed its distribution chain efficiently, importing cheap foods and integrating backwards as far as possible. It produced all the basic products that working class people demanded, achieving a high degree of self-sufficiency. It allowed ailing retail societies to merge with it and integrated them into its structure.

There were three ways in which the original Rochdale store developed. First, new lines were stocked and then when established these would form the base of separate departments under a departmental manager. Many new departments were established during the first ten years by using the central premises and then several other nearby buildings. Eventually in 1867 a departmental store was opened symbolising the strength and stability of the society whose members knew that the society was viable and successful. Second, from 1856 onwards the society opened branch stores and the

number of its stores increased either through taking over smaller societies or opening new stores. This set the pattern for the growth of consumer co-operatives throughout the rest of the century. Third, they engaged in wholesale trading supplying other societies of which there were now several in the region. The society was an efficient and successful retailer. But its objectives included building houses, placing members in employment, buying land and establishing co-operative communities.

### 1.5 THE ROCHDALE PRINCIPLES

The rules and recommended practices of the original Rochdale Society are often described as the Rochdale principles. A special committee to inquire into the application of the principles and to define them was set up in 1931. The committee reported to the International Co-operative Alliance congress in 1934 stating that the principles originating from the society founded in Rochdale in 1844, were to be as follows:-

1. Open membership.
2. Democratic control.
3. Dividend on purchases.
4. Limited interest on capital.
5. Political and religious neutrality.
6. Cash trading.
7. Promotion of education.

The findings of the committee were discussed at the International Co-operative Alliance congresses in 1934 and 1937 by representatives of 26 countries and finally approved by them with only two objections. It is these seven principles which are meant, when reference is made to the Rochdale principles.

One aim of the International Co-operative Alliance was to interpret the co-operative principles and reviews were undertaken and presented to the ICA congresses in 1937

and 1966 that up-dated the concept of social co-operation. This provided an up-to-date test of whether an organisation could describe itself as a co-operative. Rochdale principles had been taken for granted as common guidelines for all types of co-operatives but at the ICA Vienna congress in 1930 French delegates called for a committee to provide a definitive list of the principles. It was important to discover how they were being interpreted by the different co-operative movements and then to provide a modern interpretation. The committee confirmed that the seven principles should be observed. The first four were considered to be essential and the last three less binding. Two more principles were identified which had never been explicitly stated by the Rochdale pioneers, but were considered to be implicit in their practice. These were-

8. Voluntary membership.
9. Mutuality, trading only with members.

At an ICA Congress in 1963 Soviet delegates requested a review of the co-operative principles. This review was undertaken and at the ICA congress of 1966 the commission submitted its report and it defined the principles as those practices which were essential to the achievement of the co-operative movement's purpose. However one new principle (co-operation between co-operatives) was introduced following the review. The ICA then decided that these nine principles should be combined, amended and replaced with the following six, which were as follows-

1. Open and voluntary membership.
2. Democracy.
3. Limited interest on share capital.
4. Equitable return of surpluses to members.
5. Provision of education.
6. Co-operation between co-operatives.

Watkins (1990:1-9) defined co-operation as “working together” and discussed the co-operative principles. He felt that societies practised some principles, rejected others and added some that the pioneers did not practice. Another point of confusion was the difficulty in maintaining the co-operative’s market position in fiercely competitive markets. In the 1920’s the General Secretary of the ICA stated that there was a tendency for co-operatives to depart from the accepted and agreed principles. He agreed that the first four of the earlier mentioned principles were vital to the co-operative character of any society and these were essential for any potential member joining the ICA. What the ICA did not do was make clear the distinction between principles and practices. It tended to confuse the issue by defining co-operative principles as those practices that were essential. Although the ICA declared that “co-operation between co-operatives” for the benefit of their members and the wider community was a principle to be observed at all levels. The ICA felt that consumer co-operatives found it difficult within competitive retailing, to adhere rigidly to the Rochdale principle of cash trading. What was significant was that the Rochdale principles were subjected to the hard realities of business life. Watkins concluded, that the Rochdale principles resulted from inductive reasoning based upon the environment and social realities of the 19<sup>th</sup> century. The merit of the co-operative movement and what made it unique was that it co-ordinated the fundamental principles that focused on social welfare. This had enabled co-operation in a century and half to widen its international coverage from Europe to other continents.

## 1.6 CO-OPERATIVE DEVELOPMENTS DURING THE 19<sup>TH</sup> CENTURY

Purvis (1987:19-22) researched the geographical development of the co-operative movement during the 19<sup>th</sup> century and noted that between 1830 and 1860 there was a sharp increase in the number of retail societies and that co-operative trading had been encouraged. During this period co-operation had spread from London and the south coast to the Midlands and it took a firm root in the industrial North West and the West Riding of Yorkshire. A number of societies failed whilst still small, those in Southern England, the West Midlands and Wales being more prone to failure than elsewhere.

Although societies were established in all regions during the late 1850's and 60's, the development of this framework into large viable societies was a lengthy process. By contrast, in the North and the South East Midlands, success was more readily achieved with many of the earlier societies enjoying consistent growth. The geography of co-operative membership between 1860 and 1900 confirmed the strength of societies in the industrial North. Other regions saw an expansion of membership during this period, but their growth was less consistent. Expansion was erratic in Wales and the West Midlands that suffered during the economic depression of the 1870's and 1880's. London also achieved limited progress, despite various attempts to establish co-operative societies.

Purvis revealed that co-operative strengths varied in different regions. The cities of Leeds, Manchester and Newcastle were the base of the northern counties largest societies, although co-operation was weak in other cities including London, Birmingham and Liverpool. It appeared that the local responses reflected different public perceptions of the co-operative concept. It was particularly attractive in regions where existing retail provision was unsatisfactory. Successful societies achieved some influence over retail trade within their regions. Many private retailers copied their styles by implementing me-too strategies. The different levels of surplus and dividends, between regions indicated the co-operative strengths. Low dividends reflected a weakness and it deprived the society of one of its key objectives, namely attracting new members. In Southern England the opportunity for new entrants into the retail sector was limited and in the larger cities fierce competition in retailing produced a high casualty rate amongst both private companies and co-operative societies.

By the mid 1880's there were more than 500,000 individual members in 971 retail societies with sales of nearly £15.5 million. By 1900 membership had increased to over 1.7 million, with 1439 retail societies and combined turnover exceeded £50 million. By 1918, the co-operative movement had distinguished itself by campaigning for wartime rationing and against profiteering. Total individual membership had

exceeded 3 million, with a collective turnover of £88 million. (Co-operative Union 2001:2-6)

Members of the Rochdale Society played a leading part in developing the national co-operative organisations. Abraham Greenwood conceived a plan to establish the Co-operative Wholesale Society. He was its first President and the first CWS committee included some founder members of the Rochdale Society. So the Rochdale Society not only created the British co-operative movement, it also provided the men who were largely pro-active in its development.

The pioneers had the vision to discern that the CWS could not extend a branch into Scotland and they appointed a committee to make arrangements to establish the Scottish Co-operative Wholesale Society in Glasgow. Bonner (1961:75-77) described the refusal of the CWS to open a branch in Glasgow as being short-sighted, although he added that the CWS had only been recently established and it may have been justified in its decision not to undertake an enterprise beyond its resources. Co-operative congresses were held in Glasgow and Edinburgh during 1868 and it was decided to establish a Scottish CWS that commenced trading later that year.

The Co-operative Insurance Society, first known as the Co-operative Insurance Company was established in 1867. It was established to provide insurance policies for retail societies and with an aim to provide personal insurance for the general public. The CIS continued to provide insurance for the majority of retail societies and it still traded on co-operative principles. The Co-operative Bank was established in 1872 as the loan and deposit department for the CWS and it became one of the fastest growing banks in the UK. The apex organisation recommended by the Rochdale pioneers was established and subsequently called the Co-operative Union. Membership of the Union consisted of retail and other co-operative societies.

The Co-operative Union is the umbrella organisation under which all types of co-operatives are linked and it organises the annual co-operative congress. The Union's

primary purpose was to advise co-operative societies in the specialist areas of taxation, finance, trade development, public relations and accounting. It had specialist departments although its decisions were morally rather than legally binding upon retail societies.

The decision to seek a co-operative representation in parliament led to the creation of the Co-operative Party. The Party encouraged potential co-operative MP's to stand for election. The Co-operative Party was conceived at the 1918 co-operative congress and it is allied to the Labour Party, but it has its own policies, conference and structure. There are branches in many localities in Great Britain with membership open to members of retail co-operatives who support the aims of the Co-operative Party and who are not members of political organisations hostile to its culture.

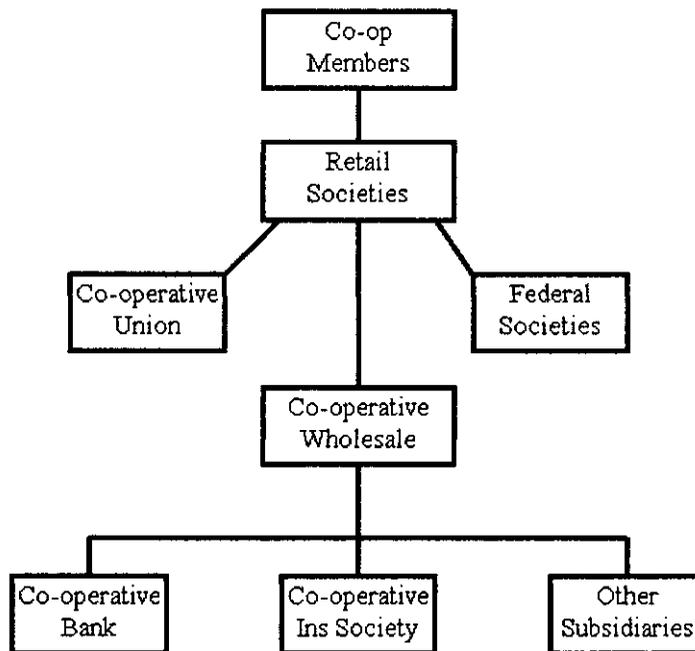
Finally, retail societies often incorporated education into their range of social activities. It was the dream of the early pioneers to establish a co-operative college where co-operative values and culture could be taught. This dream was realised when the Co-operative College was established within the education department in Manchester. In 1944 the college became an educational charity dedicated to the memory of the Rochdale Pioneers. A charitable appeal raised over £200,000 and as a result, the college moved to new premises at Stanford Hall, near Loughborough. The college subsequently became a centre of excellence for education dedicating itself to the promotion of co-operative values, principles and practice

### 1.7 THE CURRENT STRUCTURE OF THE CO-OPERATIVE MOVEMENT

A Co-operative Society is owned and controlled by its members. Therefore the membership comprises individual people only. The current forty four independent retail societies are members of the Co-operative Union. The Co-operative Union is not a retail society, but its main objective is to act in an advisory capacity for its members. The forty-four retail societies are members of the Co-operative Wholesale Society that has recently been re-named the "Co-operative Group". The main objective of the Co-

operative Group is to buy wholesale via the Co-operative Retail Trading Group on behalf of its member societies. The Co-operative Retail Trading Group is one of the most positive innovations in the co-operative movement. Its remit is to be extended to incorporate all product ranges in all retail sectors in addition to service trades. Originally it acted only as a centralised buying point for food trades and related products. The forty-four retail societies are also members of the federal societies and these offer specialist service trades that include laundry, footwear repairs, travel, banking and funeral trades. The Co-operative Group owns both the Co-operative Bank and the Co-operative Insurance Society. These organisations offer specialised services for both the Co-operative Group and independent societies. They do not exist purely for the benefit of the Co-operative Group but for the Co-operative Union and its member societies.

**TABLE 1 THE CURRENT STRUCTURE OF THE CO-OPERATIVE MOVEMENT**



## 1.8 THE CO-OPERATIVE MOVEMENT & ITS LEGAL FRAMEWORK

Quinney (1994:2-7) explained that during the 19<sup>th</sup> century a large number of friendly societies were formed. Their objective was to collect money on a regular basis from members of the public and distribute it in the form of charitable relief, when members fell upon hard times. These societies achieved legal recognition in a series of Friendly Societies Acts dating from 1793. The Friendly Societies Act of 1834 permitted the registration of societies for any purpose not contrary to law. A further Act of 1846 provided for the investments and savings of the members, which provided for their welfare, education and increased life expectancy. Although early co-operatives were able to register under and obtain protection from the Friendly Societies Acts from 1834 onwards these Acts were not designed for trading organisations. It was not until 1852 that the first commercially orientated Industrial and Provident Societies Act became law, permitting the registration of co-operative societies. Ten years later as a result of the Industrial and Provident Societies Act 1862, co-operative societies were given full corporate status and limited liability.

Subsequent Industrial and Provident Societies Acts were needed to consolidate legislation to which co-operative societies were required to adhere. There is no statutory definition of a co-operative society but The Industrial and Provident Societies Act 1963 section 1(3) provides that a society “which carries out or intends to carry on business with the object of making profits mainly for the payment of interest, dividends or bonuses on money invested or deposited with or lent to, the society or any other person is not a bona-fide co-operative society”. A bona-fide co-operative society is not defined, but the Registrar’s guide states that such a society will normally be expected to satisfy conditions that relate to conduct of business, control, interest on share and loan capital, profits, and restrictions upon membership.

The conditions to which this statement refers are-

1. That its business will be conducted for the benefit of the community.

2. That there are special reasons why it should be registered under the Act rather than as a company under the Companies Act 1948.

A society claiming that it exists for the benefit of the community must prove that it will benefit people other than its own members and that its business will respect the interests of the community. In considering whether a society in this category should be registered, the Registrar will decide whether or not it is non-profit making.

The formation of co-operative societies was hindered by a lack of suitable legislation, and this is what the Christian Socialists were quick to realise. Co-operative societies could obtain legal status by being registered under the Friendly Societies Act 1846 but this was unsatisfactory. The aims and objectives of the society had to be certified as legal by the Registrar of Friendly Societies and the requirements of the Act served to inhibit the development of retail societies.

#### 1.9 INTERNATIONAL CO-OPERATION.

It was at the 1892 co-operative congress at Rochdale that a proposal was submitted to establish an international alliance to promote co-operation at an international level. The name of the alliance was also chosen at this congress. The ICA is the only international co-operative umbrella organisation and it takes a dominant role within an advisory capacity. However, the alliance was gaining acceptance and the Co-operative Union elected a committee that combined with that of the new ICA to organise the first international co-operative congress. At this first congress opportunities were identified for international trading between co-operatives, especially when those co-operatives, identified by the alliance had the same basic principles. Delegates agreed on three aims namely, to exchange information of mutual benefit, to clarify the nature of the co-operative principles and to establish commercial relations between co-operatives. The changing balance between industrial and consumer societies meant that there was a dominance of the ICA by British representatives. Between 1897 and 1900, out of 54 organisations joining the ICA 44 came from Britain, including the two wholesale

societies. In 1907 over half of the affiliated societies were British and they provided over three-fifths of the alliance's income. Given the strength of the consumer movement in Britain, it was inevitable that by 1914 the ICA became dominated by the consumer movement. At the 1913 ICA congress at Glasgow, the ICA argued that the alliance should comprise all forms of co-operative business. The alliance began with three objectives namely, defending the co-operative principles, providing information and developing international trade. In 1971 Inter-Coop was founded with 22 members from nineteen countries, it was a multi-national organisation promoting joint purchasing by specialist buying groups and exchanging information in relation to retailing and product development. Another area of international activity had been in co-operative insurance. One aim of the ICA was to safeguard and periodically update the co-operative principles. During 1980 the ICA identified three issues which the co-operative movement had to face. Firstly, they were losing British retail trade market share and they had to prove that it was a viable form of business. Secondly, managerial problems were identified when co-operatives expanded and faced competition. The third, which the ICA identified, related to the basic philosophy of the movement.

It was noted that the ICA whilst not covering all co-operatives world-wide, incorporated more than 200 national and international organisations across the various sectors embracing more than 100 countries, with an estimated membership of 700 million individuals. These co-operatives were engaged in every type of activity, in most types of political systems. Co-operatives come in all forms and sizes. Many were successful and made important contributions to local and national economies. Others played an important role in the agricultural activities of many developing countries and in the emerging economies of Asia. In the UK, co-operative development resembled that across the rest of Europe with its diverse mix of activity. Co-operation reached into every corner of the UK economy. Despite fierce competition from the non co-operative sector it remained a substantial influence in retailing.

In a special edition of the *Journal of Co-operative Studies*, to mark the 100<sup>th</sup> anniversary of the ICA, Thordarson (1995:6-7) noted that the ICA had grown rapidly

during the last decade and was regarded as the largest membership-based non governmental organisation in the world, with 235 member societies in many countries. Co-operatives had done a poor job in communicating to the outside world about who they were and what they were doing. The ICA attempted to address the problem through a new project on electronic networking that encouraged co-operation between co-operatives at an international level. Rhodes (1997:29-31) stated that the size of the British movement made it financially important to the ICA. For 80 years it had been the highest paying member. However, British financial generosity had not been confined to membership fees since various ICA relief funds were also supported by British retail societies. During the last three decades the situation had changed which had led to a decline in British influence, in fact there had been no British president since 1955. In 1988 a British nominee failed to gain election to the ICA executive for the first time. An earlier attempt to move the ICA headquarters from London to Paris failed and the longer it remained in Britain the more it imbibed British traditions. In 1982 however the ICA moved from London to Geneva signalling a determination to be close to the United Nations and next-door to the International Labour Organisation. In 1946 consumer co-operatives accounted for 56 per cent of ICA membership, by 1992 this figure had declined to 14 per cent. Finally, Williamson (1997:129-133) argued that although it had been successful as a global organisation for 100 years the ICA was not in itself a strong and viable organisation. Its finances were weakened and they nearly proved fatal during the early 1980's. He discussed the alliance's strengths and noted that the alliance had an ability to bring together the different co-operative organisations so that they could provide mutual aid in the true spirit of co-operation. He described the alliance's specialist functions which advised the different co-operative sectors, several of which had agendas for global collaboration.

MacPherson (1998:8-13) argued that there were challenges confronting the international co-operative movement that made articulation of the co-operative identity necessary. Between 1970 and 1995 the market economy had expanded its impact dramatically around the world and this meant that most co-operatives were facing intense competition. Co-operatives found themselves directly confronting large

international companies, many of which possessed capital and other resources that they did not have. In the face of that challenge there was a need to provide a vision of what made co-operatives unique. The rapid expansion of many Asian countries posed unparalleled opportunities for the expansion of co-operatives. These developments brought new perspectives to the international co-operative movement. They challenged some assumptions, offered new interpretations and suggested new solutions to old problems. Co-operatives by themselves could not be expected to resolve such issues but they could contribute significantly to their partial resolution. They could produce and distribute food at reasonable prices, as they had often done and demonstrate a concern for the environment. MacPherson concluded that co-operative principles, as the lifeblood of the movement, had derived from the values that had infused the movement from its beginning. They shaped the structures and determined the attitudes that provided the movement's uniqueness. He felt that they provided the guidelines through which co-operatives developed their co-operative organisations. They were fashioned by philosophical thinking and were applicable to a greater or lesser degree to different situations. Above all, they required co-operatives to provide for the allocation of surpluses that were created and most importantly, they were essential qualities that contributed to good co-operative practice.

## **CHAPTER 2**

# **A LITERATURE REVIEW OF THE CO-OPERATIVE DIFFERENCE**

## CHAPTER 2.

### 2.1 A LITERATURE REVIEW AND THE IDENTIFICATION OF KEY RESEARCH ISSUES.

This chapter represents an attempt to review the literature on the co-operative movement from the point of view of those issues which have emerged to create a picture of the “co-operative difference” and although not strictly within the remit of this dissertation how the difference might be capitalised on to improve its competitive standing. The adopted line of reasoning starts with an examination of what one might call the ideology of the movement as demonstrated through its concern for social and ethical principles. These principles have come to define what in to-days business circles is commonly referred to as organisational culture which in turn, has helped shape any difference the Co-operative Movement might have in comparison to other businesses particularly those that are being viewed as strictly “for profit” organisations. Latterly therefore, this chapter will include a discussion relating to, “should co-operatives convert to become plc’s?” Before that, however each of the aforestated areas of social, ethical and cultural issues will be discussed in turn in order to arrive at an understanding of what if anything, in the eyes of the world makes the Co-operative Movement different from other organisations with whom it has to compete.

### 2.2 CO-OPERATIVE SOCIAL ISSUES.

Wijayaratna (1988:3) contended that co-operation has appealed to many people over the years for a variety of reasons which relate to social responsibility. Middleton (1988:4-5) believed that there is nothing essentially wrong with the Co-operative philosophy but rather if anything it is people who have failed the concept. Book (1992:33-41) & Bamfield (1998:3-4) made a strong case that the Co-operative Movement was built and based on peoples expectations of a better society and the Movement was an organisation for social change throughout the community. The significant principles above all were democracy and participation. Book noted that if

we examined co-operative history it would be evident that the Co-operative Movement had a responsibility to and concern for, the whole community. In his opinion this was why the Co-operative Movement was conceived and developed. In its social report Co-operative Retail Services (1997:6-24) reported that it was providing the maximum number of social and cultural activities for both its members and their families. Its intention was for everyone to see co-operative values as an integral part of who it was and the way it operated. Charitable organisations were included in its social report and it confirmed that it would make donations to help organisations when their objectives were in sympathy with the ethos of the society. They would work closely with them especially when their social and community needs could not be met by other agencies and did not fall within the responsibility of the state. CRS has a long history of concern for the consumer that goes back to the foundation of the Co-operative Movement. It has been committed to providing consumers with the information necessary for them to choose the best products for their needs and to encourage consumer awareness. CRS (1999:7) stated that since 1978 it has encouraged the involvement of its members in the democratic control of the society and it has provided the information necessary for them to participate fully in its affairs. It provided an economic benefit for members trading with the society. The society was committed to providing the maximum number of social, cultural and political activities for both members and their families. In addition, employees are encouraged to take a proactive role in the democratic structure within the society. They also receive training that focused on this democratic difference. It would emphasise the co-operative ethos in its public relations and within the wider social community. Internationally it would work towards the maintenance of peace and seek to improve the international understanding of co-operation. CRS confirmed that profit was not its sole priority and that it was a business dedicated to fostering social development and the welfare of its stakeholders. Research such as the aforementioned indicates that co-operative values, ethics and principles are still deemed to be an important part of co-operative philosophy and should continue to be incorporated into the plans of societies and it is to the subject of ethics that our attention is turned next to understand the place of this within the co-operative operating ethos.

### 2.3. CO-OPERATIVE ETHICS

In their research Davis and Worthington (1993:856-885) questioned whether there could be a revival of the vision that inspired the Movement's founders following a decade of increasing uncertainty. They pointed out that through these times co-operative business had been charged with providing alternative structures and values, rooted in an ethic and based on the principle of mutuality. The Co-operative Wholesale Society that became the Co-operative Group in 1999 recently reviewed its pledge and commitment to ethical trading. It believed its business was built on trust and integrity and as a responsible retailer it had a duty to provide customers with the facts that they needed in relation to genetic modifications, clear labelling, animal testing and customer care lines. It is said, by the wider populace, that the Co-operative Movement would do anything to protect the environment and ensure the efficient use of natural resources. In 1992, the Co-operative Bank implemented an initiative declaring with whom it would and would not conduct business. This ethical stance reflected co-operative values and gave customers an opportunity to choose a British bank that published its ethical stance in advance. This is in line with Drummond and Bain (1994:1-5) who focused on the ways that companies could incorporate a more rigorous ethical stance into their image and practices that would work to their advantage. The Co-operative Group (2000:1-9) had undertaken research to examine a range of ethical issues. One particular response confirmed that consumers were likely to penalise traders who failed to meet their ethical standards and reward those that did. The next question is how have social and ethical concerns fused to form what we today now largely take to be the co-operative culture or "ways of doing things". The next section constitutes a basis only for discussion of this point.

### 2.4 CO-OPERATIVE CULTURE

Jackson (1995: 39) defined culture as 'the complete whole that includes knowledge, belief, morals, laws, customs and other capabilities or habits acquired by man as a member of society'. In developing this definition, he acknowledged that the concept of

culture had broader dimensions. He also discussed it in terms of 'a set of habits, beliefs and customs or practices that influence businesses on how they should conduct their affairs'. Therefore although profit maximisation continues to be vitally important, particularly to commercial organisations, it is not always a sufficient criterion (if indeed it ever was) of assessing the effectiveness of a business as a whole given that corporate objectives may incorporate more market orientated goals and wider social initiatives. The profit issue alone is perhaps becoming too narrow and simplistic as a measure of performance. Marks and Spencer for example, has often sought a commitment to its employees, the environment and to the wider social community. The founder of the Body Shop is said to have conceived and implemented a strategy built upon the principles of environmental protection, ethical protocols and social responsibility. Organisations in general are more conscious of the societal impact of their endeavours than they perhaps were twenty years ago. In addition to examining its cultural dynamics it appears that the Co-operative Movement needs to work on its internal dynamics. Jarillo (1993: 3-20) writing on culture stated it was important for organisations to know when to compete and when to co-operate. He assessed the importance of managing cultural issues and points of difference. In the Co-operative Movement a culture to encourage change and the co-operative difference is needed. In the past, merger negotiations between the CWS and CRS had failed due to the differences between the two existing cultures. According to Hopwood (1994:229-234) the CWS and CRS have operated quite different cultures. The CRS has been retail led and retailing has been its core activity whereas the CWS has been wholesale led. Blackburn (1984:1-4) noted that overcoming the cultural differences during previous CWS/CRS merger negotiations had been hampered because the CRS believed that the post-merged society should be retail and not wholesale led. Historically, co-operative societies have implemented policies that have complemented co-operative principles but have at times done so in an inconsistent way. These policies have overall failed to give the societies the sustainable competitive advantage that they need and seek. A uniform and more cohesive approach to culture and policy may now be called for and yet Turnbull (1988:1-8) in his research maintained that culture and member based initiatives should differ from region to region. His research surveyed both historical

and cultural issues although it had a geographical focus. The emphasis here is for regional variation based on providing a product or service that meets the regional needs and expectations of consumers. Having now examined social, ethical and cultural issues in both historical and contemporary settings, the question still remains what impact could they have on the notion of the co-operative difference. The next section is an attempt at answering that question.

## 2.5 THE CO-OPERATIVE DIFFERENCE

Whilst academics might differ as to in what areas and at what levels differentiation should exist it seems that most people have agreed that the Co-operative Movement should make more use of its points of difference whenever possible. Trout (2000: 8-99) made the case that organisations that were making greater use of differentiation were likely to perform positively in the current climate. He argued that heritage alone was often the basis for a point of difference which could be turned to an organisations advantage. There appeared to be importance to having a strong heritage and one which helped people to be confident in their choice of who they wanted to do business with and why.

Marks and Spencer and the Body Shop have differentiated by incorporating corporate integrity, ecological issues and environmental protection into their strategies. There seems to be no reason why retail co-operative societies could not differentiate by developing member benefits, member facilities, service trades, co-operative ethics and social responsibility as a whole into a cohesive “ points of difference” campaign. This could be communicated to target markets via a national advertising and promotional campaign. Co-operative societies and the wider Co-operative Movement could share an opportunity to build their points of difference into a business plan for the future.

The co-operative difference like co-operative culture has become part of folklore. In view of this, it must be remembered that history can be destroyed more quickly than it can be made. Obviously only a co-operative can differentiate itself via the co-operative

difference. Therefore co-operatives are in a unique position. If this difference is communicated as part of a coherent plan, it could help to strengthen the co-operative brand. Oldfield (2000:213-214&227) confirmed that the CWS had conducted research to enhance its positioning as a responsible retailer in the areas of ethical labelling and banking. The CWS is first and foremost a co-operative society and as such it has responded to the concerns of its members on consumer, community and environmental issues. She illustrated that the CWS was committed to strengthening co-operative values. This is a strategic opportunity for the co-operative movement. The CWS had undertaken research to examine a range of ethical issues. The CWS has been pro-active on ethical issues as a means of strengthening points of differentiation and this has provided potential for the wider co-operative movement. The Co-operative Wholesale Society (2000:1-9) in its Annual Report described in detail its commitment to promoting the co-operative difference.

The co-operative movement must direct its efforts towards achieving a differential advantage vis-a-vis its main rivals. As individual functions must work in harmony, it is important that the various business units work in harmony. Synergy is described as the “two plus two equals five” in effect the sum of the parts must produce greater benefit than the pre-merged individual units. One issue is the “economics of competition versus the co-operative difference”. In this respect the comparison involves making an analysis of how companies intend to build a competitive advantage via a differentiation strategy. Synergies could be central to building the co-operative difference more effectively.

It is important to consider co-operative culture within a single business and ask if the co-operative movement could build upon the co-operative difference from a merged structure. It may or may not be possible for the co-operative movement to be part of a strategic group after it has pursued merger activity with the intention of communicating its difference more effectively. There is an additional line of argument that relates to the most appropriate way of developing and communicating its point of difference. The implication is that incorporating the co-operative difference could give greater

economic advantage. The co-operative difference could include co-operative culture, corporate ethics, social responsibilities, ecological issues, environmental protection, membership-based initiatives and developing service trades together with member benefits. Co-operative societies that incorporate the co-operative difference may or may not produce a better performance than those societies who do not. It could be argued that if two retail societies merge the post merged society trading as a new entity would be in a better position to incorporate the co-operative difference due to its increased resources. An increase in scale via merger activity or joint ventures could enable a more differentiated strategy to be developed.

A review of the literature revealed that the Co-operative Movement is a business with a social conscience. It is active in community initiatives and it aims to benefit the wider social community and this could provide it with a base to build a differential advantage. The Movement has incorporated a range of ethical initiatives that could become part of the co-operative difference. In addition the Co-operative Movement has displayed a social responsibility and has a culture based upon “caring and sharing”. This has also provided it with a base in which to communicate the co-operative difference.

Omar (1999:15-18 & 392) noted that differential advantage was a product or service perceived by the buyer as more suitable and desirable than a competing product or service. He felt that the concept of differential advantage should be examined as a potential for distinctiveness and it should offer additional opportunities. The remaining sections of this chapter are in part a response to the contention on the part of some from both within and outside the Movement that it slowly but surely forgetting its roots and is perhaps, though no particular fault of its own, but more driven by commercial necessity, increasingly becoming like any other larger-scale private enterprise.

## 2.6 HOW CO-OPERATIVES DIFFER FROM PRIVATE COMPANIES.

There is no statutory definition of a co-operative society under the Industrial and Provident Societies Act 1963 which governs co-operative societies. The Act only provides guidelines of what represents co-operative practice. However, the Registrar of friendly societies has discretionary powers to register businesses that have certain objectives other than profit maximisation. The main points of difference between a co-operative and a private company are described in Table 2.

TABLE 2 THE DIFFERENCE BETWEEN A CO-OPERATIVE AND A PLC

DESCRIPTION	CO-OPERATIVE	A PRIVATE COMPANY
Objective	To Meet Mutual Needs	To Profit from a Need
Ownership	Owned by its Members	Owned by its Shareholders
Statutory provision	Industrial & Provident Act	The Companies Act
Voting rights	One Member one Vote	One Share one Vote
Main objectives	Social & Members Needs	Profit Maximisation
Profits returned to	The Members	The Capital Holders
Description of shares	Fixed and Withdrawable	Non-Withdrawable
Democratic control	Yes	No
Method of finance	Retained Surplus	Bank Loans and Equity
Core activities	Service Trades	All Business Activity
Structure	Fragmented	National and Cohesive

Source. Co-operative Union (2001:1-4)

## 2.7. ARE CO-OPERATIVES PROFIT MAKING BUSINESSES?

Bonner (1961:75-77) agreed that co-operative dividend paid to members constituted a profit, although many people considered co-operatives to be non-profit making businesses. Dividend arose when the prices charged by the society to its members

were in excess of cost prices and if goods were sold at cost price there would be no dividend. Co-operatives did make a profit. He explained that the Co-operative Independent Commission (1958:70-79) agreed that the Co-operative Movement was a profit making business although profit maximisation was not its sole objective. He argued that it was not illegal or immoral to make a profit when that profit had been made with integrity. Social co-operation was an issue facing the co-operatives and so was profit maximisation. The argument was valid that if co-operative societies incorporated profit maximisation as part of their business plan then more finance could be available for the benefit of the social community. Co-operation was not an outmoded philosophy. It is a practical and positive culture to complement the new co-operative identity, which would enable co-operative principles to be applied more rigorously.

Co-operative Retail Services confirmed that profit was not its sole priority and that it was a business dedicated to fostering social development and the welfare of its stakeholders. Co-operative values have been incorporated into its business plan to reinvigorate the co-operative message and to strengthen its membership based initiatives. The Co-operative Bank had produced record profits and it remained committed to co-operative values and its ethical stance reflected this. Independent retail societies that incorporated co-operative ethics into their business plans and produced a positive performance strengthened the argument that co-operation is not an outmoded philosophy. This could prove that there was a need for co-operative retailing within many sectors.

## 2.8. SHOULD CO-OPERATIVES CONVERT TO BECOME PLC's ?

The Co-operative Union (2001:1-3) explained that the co-operative movement's percentage of total British retail trade market share has been declining for many years. Other performance indicators including turnover and profit have also given the movement a short sharp shock. The market dominance by the capitalist companies has been at the expense of both the independent retailers and co-operatives. As a result the

co-operative movement has received unfavourable publicity and some hard decisions have to be made.

Rhodes (1999:1-9) examined the pressures and constraints that influenced co-operatives in deciding whether or not they should convert to public limited companies. She illustrated that although these initial options were repulsed they were likely to be renewed in the future. It was necessary to understand the pressures that could lead co-operatives to privatise. She focused on other co-operative sectors and not the retail co-operative movement. In her view, private enterprise had become more popular whilst mutuality had become less so. Privatisation, deregulation and increased competition had all influenced the business climate in which co-operatives operated. She added that co-operative insurers were facing capital problems and having difficulty in communicating the co-operative difference because the co-operative message lacked cohesion. Finally, she noted that co-operatives and mutual societies were member-led rather than investor-led and that they prioritised service rather than profit. One particular conversion she illustrated was the Co-operative Permanent Building Society that later became the Nationwide Building Society.

Wadsworth (2000) discussed the legal procedure if co-operative societies changed their legal status so that they ceased to be a co-operative and became a plc. Registered under the Companies Act. He noted that in recent years the Bury Co-operative Society had examined this possibility. He explained that a change of legal identity would not be a difficult process in law. The United Norwest Society, the largest independent retail society had examined this possibility. Research indicated that if this option was implemented it would create discontinuity with its negative image. No co-operative society has ever changed its legal identity from a co-operative to a plc. This issue was discussed by Money (2000) who argued that a few societies had examined this option, although he did not support it. In his 1996 congress presidential address, he argued that a post-merged Co-operative Movement allied to a small national society would have the potential to compete with the multiple retailers and the premier chains. He stated that the Co-operative Movement would have benefits and opportunities that its key

competitors would not have namely a strong regional structure. He added that the co-operative difference could assist a post-merged Co-operative Movement to differentiate its image and perception more easily. This point of difference could be a potential opportunity if communicated clearly within a cohesive campaign.

The key question is, would the co-operative movement be better positioned to compete in its retail sectors if it changed its legal status to a plc? Lonergan (2000) stated that this topic had been whispered about but never openly discussed and nothing had been published relating to this issue. Wadsworth's (2000) view was that it had been discussed occasionally but nothing had been published. He added that it had been discussed behind closed doors but had never been openly debated and the only information available came through the grapevine. A similar response came from Quinney (2000) who confirmed that nothing was available in the co-operative libraries. In his view no real advantage would be obtained and nothing gained by changing the legal status of the Co-operative Movement. He stated that the positive performance produced by many societies indicated that there was a need for co-operative retailing. He agreed that co-operatives could differentiate to enhance their commitment to member benefits and ethical trading. He felt that the performance produced by the Co-operative Bank proved that a co-operative could differentiate its perception to good effect. He felt that co-operatives had a unique opportunity because plc's could not meet their market challenges via the co-operative difference. He noted that the Yorkshire Co-operative Society did not use the words "co-operative and society" outside their food stores and department stores. He mentioned the Lincoln, Brixham and South Midland Societies and noted that these successful societies showed clearly that there was potential for co-operative retailing.

Cameron (1989) explained that the Co-operative Movement would not gain any benefit by changing its legal identity and he argued that there was a need for a co-operative retail presence. Carter (1997:1-13) pointed out that a co-operative was an enterprise owned by its members for the benefit of members. Therefore its opportunity lay in its ability to serve member's interests whether these were defined in economic terms or in

a different context arising from meeting a particular need in a particular way. He noted that co-operatives operated in competitive markets and did so effectively. Carter argued that co-operatives were specifically committed to generating wealth for the benefit of their members and the wider community by conducting their affairs with integrity. The preoccupation with members interests distinguished co-operatives from other forms of business. This was their chief distinction and the reason why corporate governance was critical. The International Co-operative Alliance suggested that co-operative societies should exploit their strengths as membership-based organisations and differentiate to enhance their point of difference rather than imitate competitors. Many societies focused on community and neighbourhood shops in addition to building service trades for the benefit of members. They were making determined efforts to involve members, especially women at a local level and to develop additional services that could be of interest to them. There were continued efforts to emphasise co-operative values by focusing on fair trading, environmental issues and community activities. The issue of the traditional dividend had often been discussed. Dividend was both an incentive for membership and a discipline upon management. To distribute a percentage of surplus as a members dividend, retail societies had to use their assets efficiently and be as efficient as key competitors. Finally, Walker (2000) felt that it would be unethical for a co-operative to change its legal identity to a plc..

Chapter 3 constitutes a discussion of the research methods used to answer the research questions. Primarily it is the issues of social positioning, ethics and culture that were noted in the literature review from which the primary work that follows is drawn.

## **CHAPTER 3**

### **THE RESEARCH METHODOLOGY**

## CHAPTER 3.

### 3.1 THE UNDERPINNING RESEARCH PHILOSOPHY

Saunders, Lewis & Thornhill (2003:85-87) explained that if a research philosophy reflects the principles of positivism then the researcher is likely to adopt the philosophical stance of the natural scientist. There would be an emphasis on a highly structured methodology to facilitate replication and quantifiable observations that lend themselves to statistical analysis. The assumption is that a researcher is independent of and neither affects nor is affected by the issues of the research. They stated that if one is critical of the positivist tradition when the social world of business is perhaps too uncertain an environment to benefit from this approach then the alternative research philosophy is likely to be that of the phenomenologist. They noted that business situations are nearly always complex and sometimes unique.

Continuing they explain that there are several important characteristics of the deductive approach. These characteristics include deducing a hypothesis, expressing the hypothesis in operational terms and later testing it. Another stage includes modifying the theory in light of the findings and repeating the research process. They add that to pursue this, the deductive approach dictates that the researcher should be independent of what is being observed. Finally, an additional characteristic of deduction is that concepts need to be researched in a way that enables facts to be measured quantitatively. In contrast they stated an inductive approach would follow data rather than vice versa as with the deductive approach. When the inductive approach is being used data can be added and included in the research as and when necessary which can then be followed up by an analysis of the data with a view to formulating a theory. Disciples of the inductive approach are often critical of the deductive approach because of its tendency to construct a rigid methodology that does not permit the required flexibility. They see as a particular strength of the inductive approaches their concern for the context in which events take place.

This particular piece of research takes the form of an exploratory study into the Co-operative Movement as a valuable means of, as Robson cited in Saunders, Lewis and Thornhill (2003:96) puts it, finding out what is happening, to seek new insights, to ask questions and to assess phenomena in a new light. The research as constructed is approached from a phenomenological point of view. It is hoped that the largely qualitative data will provide at least some of the reasons for the disparity of views to be found in connection with a discussion of the Co-operative Movement and how it should seek to position itself in the market place in the future. This research has been particularly concerned with the ways and contexts in which developments within the Co-operative Movement have been perceived by management, other employees and consumers alike and has therefore pursued an inductive reasoning approach to its methodological positioning.

The historical background discussed in chapter one and in particular the themes raised in the literature review quite naturally influenced the design of the questionnaire and interview format that followed. In particular the research has adopted a case study approach in attempting to explore the aforesaid themes, an approach defined by Saunders (Ibid:93) as 'a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence'. The case study approach is thought to have enormous potential for generating answers to the question 'why?' as well as the 'what?' and the 'how?' The data collection methods that could be adopted under such conditions include questionnaires, interviews, observations and documentary analysis. To this end, the United Norwest Co-operative Society was approached where Chief Executive Officers, store managers and other employee postal surveys were conducted. This Co-operative has a geographical spread from the Midlands to the North of England and from the Yorkshire Coast to the Cumbrian. It has the largest national spread of all Co-operatives and it is for these reasons akin to a national society. The author acknowledges that whilst it is not usual in the case study approach to generalise beyond the specific research context (Bryman & Bell 2003:34) it could be argued for the above reasons that the above information arising from this case study might be assumed to be

representative of the national Co-operative Movement. Respondents were targeted in all functions, in all activities and in all regions and because of what has been said as regards its size would effectively give the research a national rather than regional focus. Another element to the research consisted of face to face customer surveys carried out in three different co-operative stores, a convenience store, a supermarket and a departmental store to test customer perceptions with regard to the themes that this endeavour has identified. The project considered these as worthy of further research in the hope that it might provide an additionally important and rich source of information. Following a preliminary analysis of the survey responses it was decided to conduct structured interviews with five managers from the United Norwest Society. These included the General Manager, Member Relations Manager, Food General Manager and Operations Manager and the Funeral Division Manager in an attempt to focus on selected key issues arising from the survey responses. The interviews were conducted at the offices of the United Norwest Society on Monday 7<sup>th</sup> July 2003 and were arranged by Katie Bray, Member Relations Administrator.

### 3.2 THE RESEARCH OBJECTIVES

The research sought to attain the following objectives.

1. To explore those areas which are construed to be the basis of the Co-operative ethos and which are thought to make it different from its competitors.
2. To investigate employee and customer perceptions of this.
3. To arrive at a conclusion as to the advantages and disadvantages of incorporating any identified co-operative difference as a central tenet of differentiating themselves from their competition and as a plausible means of achieving competitive advantage.

### 3.3 THE SECONDARY APPROACH

The objective of the secondary research was to review publications that focused on the Co-operative Movement's identifying characteristics and its key areas of development which serve to create a picture of the perceived co-operative difference. This informed the primary research objectives which sought to put these perceptions to the test. Secondary sources presented an informed view on the Co-operative Movement's potential strengths and points of difference. They outlined elements of what some would see as the co-operative difference and hinted at strategic opportunities for the Co-operative Movement should these be capitalised upon. Certain themes detailed in Chapter 2 manifested themselves as a result of the exercise of collation and analysis of the secondary sources.

### 3.4 THE PRIMARY APPROACH

The objective of the primary research was to gather data relating to the themes as set out in Chapter 2 namely, social concerns, ethical issues and co-operative culture as a basis for the possible establishment of the co-operative difference defining characteristics. The purpose of conducting three different surveys (managers, employees and customers) was to test reality (or the perceptions of it) at different levels and in different quarters. The co-operative difference might appear real and tangible to insiders (managers and workers) but not to outsiders (customers and members). Or it might only appear real to managers and no one else. It became clear that in addition to the three surveys it would be beneficial to secure the views, opinions and attitudes of individual people. It was decided to conduct structured interviews namely, from those within the Co-operative Movement whose position and experience would enable them to judge the issues and express an informed view.

### 3.5 A COMMENT ON THE SAMPLING

Saunders, Lewis and Thornhill (2003:169-170) state that where it is impracticable to survey the whole population a sample needs to be taken. This is considered important irrespective of whether the research takes a qualitative or quantitative approach. They explain that it is important to choose the correct samples to be surveyed. For many research questions and objectives it would be almost impossible to collect and analyse all the required data due to the restrictions of time and resources. Simple random sampling is best used when you have an accurate and easily accessible sampling frame that lists the entire population, preferably on a computer. They go on to say that stratified random sampling is a modification of random sampling in which the population is divided into two or more relevant strata based on one or more attributes or characteristics. A random sample is then drawn from each of the strata. They stressed that dividing the population into a series of relevant strata means that the sample is more likely to be representative because you can ensure that each strata is represented proportionally. But it is only possible if one is aware of each strata within the sampling frame although in some cases the sampling frame would already be divided into strata. Finally, samples can be stratified using more than one characteristic and they illustrate that employees could be stratified according to department and region. Additionally, Newman (1997: 160) explains how purposive sampling can enable the researcher to select data that is felt will answer the research questions and achieve the objectives.

For the purposes of this research, a stratified random sample was used for the managers and employees surveys because these samples were easily identifiable and accessible using the United Norwest Co-operative Society data base, low costs were involved and it was felt that there could be better comparisons across the data. The two surveys were sent via the post with a covering letter to Ms. Katie Bray, Customer Relations Officer of United Norwest Society who had agreed to act as an intermediary (see appendix 1). Most self-administered questionnaires are accompanied by a covering letter which explains the purpose of the survey and this survey was no exception.

Research by Dillman (cited in Saunders Lewis and Thornhill 2003:305) and others has shown that a covering letter and the appropriateness of the messages contained therein does have an affect on the response rate. Ms. Bray assisted in distributing the surveys to both managers and employees via the internal post. The self administered style surveys were sent onwards by her to their destination after stratified samples had been discussed and agreed upon by all parties concerned. She later collected the completed questionnaires then dispatched them to the University for analysis by the researcher.

On line questionnaires that are administered via e-mail or web-site had been considered but rejected. The researcher was aware of the risk of complaint and non-compliance. Coomber (1997:10) states that it can be difficult to obtain a representative on-line sample. The survey could also have been advertised on the Internet but this method is also perceived to have its drawbacks.

### 3.6 AN EVALUATION OF THE USE OF SURVEYS

Saunders, Lewis and Thornhill (2003:278-283) make the point that the term “questionnaire” is usually used in a general sense to include all techniques of data collection in which each person is asked to respond to the same set of questions in a predetermined sequence, see also Gill & Johnson (1997:89-93). In their basic and most rigid form they are not particularly good for exploratory or other research where a respondent’s wider views and opinions are sought which is why they argue that under such conditions scale questions, ranking questions and open-end questions should then be included on the surveys. Although questionnaires can be used as the only collection method it is felt that it is better to link them with other methods in a multi-method approach.

With regard to this particular piece of research, scale and ranking questions were included in the questionnaires in an effort to discern the relative importance of a range of issues in the minds of respondents. Tick boxes pointed towards a quantitative approach of analysis whereas unstructured questions led to a more qualitative

assessment. The surveys included attribute variables to determine the respondent's characteristics. Attributes are considered to be what the respondents possess rather than what they do as (Dillman cited in Saunders, Lewis & Thornhill 2003:288). Opinions and behaviour differs between respondents and they are a means of checking that the data collected is representative of the total population. Attributes are said to include characteristics such as age, gender, marital status, education, occupation and income. The above fore mentioned factors were included in the surveys conducted as a conceivable means of determining whether respondents of a certain age or gender were more aware of the issues involved and demonstrated a greater allegiance to the principles of co-operation.

The researcher was aware that the reliability of the data depended much upon the design and structure of the questionnaires. In addition to both open and closed questions, category questions were used because it was deemed important to collect data about behaviour and shopping habits. The subsequent analysis of data could determine respondent shopping habits according to age. Ranking questions were used to determine the relative importance of a range of issues. The questionnaires included skill questions which were used to ask respondents how strongly they agreed or disagreed with a statement or a series of statements. Quantity questions were used to collect attribute data and to assist in the coding of responses which in due course would ease analysis by computer. Each quantitative response was coded and later analysed using Excel spreadsheets. In constructing the questionnaires particular attention was paid to the sequence and layout of questions to improve their efficiency and the chance of successful completion. The author was aware that the length of the questionnaires alone could serve as an additional impediment to successful completion. To this end, the length was kept to between four and eight pages as recommended by Saunders, Lewis and Thornhill (2003:304) for organisational self administered questionnaires.

The literature review and associated research identified the themes of concern from which specific questions were formulated that might address the issues involved. The investigative questions sought to test the respondent's opinions, behaviour and

attributes with regard to specific issues and developments within the Co-operative Movement. The questionnaires were reworded and restructured on several occasions in an effort to ensure that the data collected would enable the research questions to be answered. When the questionnaires were designed it was determined that questions should not be worded so that the answers were dependent on implicit assumptions about what will happen as a consequence. In addition, questions were so worded so that respondents did not have to make generalisations or compute estimates.

The customer survey was conducted in three different types of retail outlet as previously described and consisted of an interviewer (the author) administered questionnaire. In essence therefore a structured interview was taking place with customers of the United Norwest Co-operative. Interviewer administered questionnaires enables the author to ensure that the respondent is whom one wants. This can have the benefit of improving the reliability of the data. On the downside, the author was aware of the tendency on the part of respondents when responding to structured interviews to “please” (otherwise known as the uninformed response) the interviewer particularly where the questionnaire has been incentivised thereby encouraging respondents towards a specific answer and ultimately increasing bias. The customer questionnaire at fourteen questions is probably considered long which is another reason why the interviewer administered approach was deemed preferable to other alternatives.

The author recognises that it would have been preferable to “pilot” the questionnaires however the onset of personal health issues and other unforeseen events when combined with the time constraints of the award regrettably conspired in the final analysis to mitigate against this.

Saunders Lewis and Thornhill (Ibid:304) considered that for postal surveys a response rate of approximately 30 per cent and for interviews a response rate of 50 per cent was reasonable. However they felt that response rates could differ in geographically dispersed cases if you did not require face-to-face contact. Owen and Jones (1994:158)

argued that a response rate of 30 per cent for postal surveys was reasonable. Kerwin (1992:159) stated that a response rate of 50 per cent for interviews was reasonable and the response rate for collecting primary data could vary between 50 and 92 per cent. Kerwin stated that the response rate for questionnaire surveys was between 73 and 99 per cent. In this piece of research, 27 employee surveys were returned which represented a response rate of 10.4 per cent. 50 chief executive/manager surveys were returned which represented a response rate of 20 per cent. Combined, 77 chief executive/manager and employee surveys were returned which represented a response rate of 15.2 per cent.

As explained customer surveys were conducted in three different types of retail outlet. In total 208 were conducted as structured interviews and were completed by the author as they entered the stores. The number of customers unwilling to participate was not recorded. The survey responses were analysed and these responses influenced the structure of the five interviews conducted with co-operative employees.

### 3.7 AN EVALUATION OF THE USE OF INTERVIEWS

Interviews may be highly formalised and structured, using standardised questions for each respondent or they may be informal and unstructured conversations. In addition, it is said that between these there are a great many intermediate positions. A consequence of this is that there exists a number of typologies with varying degrees of overlap (Healey 1991:193-250; Healey and Rawlinson 1993:339-355; & 1994:Ch5; Robson 1993; based on the work of Powney and Watts 1987; all cited in Saunders, Lewis and Thornhill 2003:246). Each form has its advantages and disadvantages and can be applied in different settings with varying degrees of success. This particular piece of research adopted a face to face structured interview approach using a questionnaire based on a predetermined and standardised set of questions as can be seen in Appendix A. The use of the structured interview can be to both describe and explain particular situations (Saunders, Lewis & Thornhill, 2003:248) but may so be used as a means of confirming or validating findings arising from the use of questionnaires (Wass & Wells, 1994:1-34; as cited in Saunders, Lewis & Thornhill, 2003:248).

Prior to conducting the interviews, three separate surveys were conducted to Chief Executives, staff and customers. Certain themes recurred in the survey responses hence the author decided to interview selected strategic decision makers with sufficient experience to express an informed view on these themes and related issues. The interviewees selected represented different branches and functional areas of the organisation.

A detailed breakdown of who those individuals were and of the responses they gave to the questions asked can be found in Appendix A. The point about the interviews conducted is that they targeted key personnel who because of their experiences would presumably have a good insight into the issues raised and would all to varying degrees carry strategic responsibility for decisions past, present and future. These interviews provided the author with an enriched additional source of information over and above that derived from the questionnaires. Obviously, within the interviews there was more scope for elaboration and exploration of some of the issues and their consequences deemed important to the research. The interviews were a means of clarifying some of the issues involved and of assessing the relative importance of them in the minds of those managers questioned. They provided an opportunity for the researcher to see the degrees of awareness of those interviewed to the issues and problems raised by members of their staff and customers and as a possible source of enlightening “soft” information which is often a derived benefit of dealing with people face to face as opposed to the limitations of the postal questionnaire. Whilst a tape recorder was not used on this occasion out of respect for the wishes of those interviewed, a full record of the interview responses was compiled soon after they were conducted in every effort to ensure their reliability.

Initially the author consulted Katie Bray who was Member Relations Officer at United Norwest Co-operative Society. She confirmed that she would approach certain managers with a view to being interviewed to assist the author. It was explained to the author that a specific percentage or number of respondents could not be guaranteed. It was also explained that it was not possible for the author to ask for a certain number of

respondents to be interviewed although she would attempt to meet his needs. Certain managers confirmed that they would be interviewed and others confirmed that they would not. As a result the only managers that the author interviewed are those listed in Appendix A. The author was informed that ten managers were originally approached although only five confirmed that they would assist the author. The interview responses confirmed and complemented the survey responses. In addition it was the authors intention to interview the respondents separately so that the responses were not biased.

### 3.8 HOW THE DATA WAS ANALYSED

Excel spreadsheets were used to record the quantitative responses from the surveys and qualitative responses were recorded separately (available upon request as supplementary documentation). The responses from the four sources of primary data were compared with each other before they were compared with the secondary data. The various sources of secondary data were compared with each other. The recurring themes from both sources were noted before final conclusions were made. It was always considered that further research on this subject might be conducted at some point in the future hence the importance for having a framework for analysis in place in the form of spreadsheets. However for the purposes of this dissertation simple percentage calculations are used.

### 3.9 ETHICAL ISSUES CONSIDERED DURING THE RESEARCH

The project sought to recognise a range of ethical issues that could have impacted upon the research. The University's code of ethical conduct for pursuing research was considered. Informed consent was sought through the use of openness and honesty rather than through deception. Covert research was not considered or undertaken. The purposes and benefits of the research were not exaggerated to co-operatives or respondents. The project was aware that the nature of qualitative based research is such that there was always greater scope for ethical issues to arise in relation to conducting interviews. The project avoided referring to data obtained from a particular respondent

whilst interviewing other respondents which would have identified the person. In addition, the project was aware that objectivity should be maintained during the analysis and reporting of the research. Assurances were given to participating co-operatives and respondents in relation to confidentiality and anonymity. The project considered how the interests of co-operatives and respondents could have been affected by the research. The project leader was granted access to three private co-operative libraries, as a result only data deemed necessary to achieve the research objectives was reviewed. Non-essential and confidential data was discarded. Third parties were not mentioned inappropriately and respondents were not contacted at unreasonable times. No inducements were offered to any of the respondents or co-operatives. The project ensured that consent was obtained for every stage of the research process when deemed necessary. Finally the credibility of the research and that of the researcher were maintained at all times.

## **CHAPTER 4**

### **AN ANALYSIS OF DATA OF SELECTED KEY**

#### **ISSUES**

## CHAPTER 4.

### 4.1 PRIMARY RESULTS.

The purpose of the chapter is to analyse primary data obtained from the surveys that will provide a basis for the conclusions reached in (chapter 5). The chapter focuses on responses that relate to social issues, ethics, culture and the co-operative difference these being the key themes of concern as previously outlined in chapter 2.

### 4.2 CO-OPERATIVE SOCIAL ISSUES.

In Chapter 2 under the above heading, it was noted that the Co-operative Movement had through time appealed to many individuals for a variety of social as well as economic reasons. The CRS, (1997:6-24) whilst acknowledging the importance of profit as a measure of performance, has reported that profit was not its sole priority and that it has always seen itself as a business dedicated to fostering social development and the wider welfare of its constituent members and stakeholders. It is believed that over the years, it has incorporated a range of social activities for both its members and their families and has made charitable donations to help other organisations achieve their social aims when those aims were in sympathy with the overriding ethos of the society.

In echoing these sentiments, the managers surveyed and interviewed felt that the Co-operative Movement was or at least should be more than just an economic response to business conditions and that social co-operation is still deemed important even in these heady mixture days of capitalism and profit maximisation and as such should be featured into the business plans of co-operatives for ultimate effect. The CEO's and Managers surveys responses confirmed that the Co-operative Movement should be seen as part of a portfolio of businesses that trade profitably but with a social intent. They also implied that it was in the interests of the Movement to support and sponsor future developments in the social economy, in the broadest sense and at all levels. They further suggested that one vehicle by which this intent might be more consistently

applied and therefore have wider impact might be through joint ventures, strategic alliances, mergers and the like which are now more of a feature of discussions on the Co-operative Movement's future. This said, some managers were quick to emphasise that the Movement could not be sustained simply on the basis of its social commitment and member based initiatives alone and that there was no escaping the commercial realities incumbent on it.

A fundamental point of the surveys was to test reality against beliefs and expectations. At this juncture it is perhaps worth noting that it is in the author's view based on the surveys and interviews conducted, that retail societies have not monitored their social dimensions of member involvement sufficiently. As a result therefore, they do not at this time have a clear picture as to their worth in this regard or indeed as to how great a benefit it is to them in attracting members and potentially differentiating themselves from their competitors.

Given what has gone before, it is perhaps a little surprising that only 37% of employees felt that their stores pursued social activities within the local community even though 62% felt that the Co-operative Movement was a better and more attractive business for doing so. 59% of employees were aware that their society had supported schemes to benefit the local community at one time or another. Interestingly, only 7% felt that senior management spent much of their time on managing social projects. Importantly however 70% of employees were of the opinion that co-operative led community based projects in particular helped to promote and develop the co-operative name and reputation. Although 94% of managers were aware that co-operatives should see social initiatives as part of their remit, their reasons for doing so varied. For instance, 18% of managers saw it mostly as a mechanism for, allowing staff to 'blow off steam'. 10% actually saw such activity as being negative in that they had the potential to detract staff from the all important core activities of the business although perhaps reassuringly 52% were of the opinion that such things should be viewed as part and parcel of core activities. 12% of managers felt that social initiatives involved an amount of wasted

time which should be given over to more important issues while on the other hand, 40% of them felt that such activities were in the final analysis worthwhile.

As regards customer's perceptions on this issue 97% of customers confirmed that they were more likely to shop somewhere if the business implemented community, social, and welfare initiatives. Importantly however, for the co-operative societies is that only 15% of customers surveyed appeared to be aware that co-operatives were active in a social capacity which would seem to suggest that more needs to be done to make more people aware of their goods deeds particularly if they see it as a tool for widening their customer-based popularity.

#### 4.3 CO-OPERATIVE ETHICS.

Davis & Worthington (1993:856-885) questioned whether there could be a revival of the ethical vision that inspired the Movement's founders. They explained that co-operative businesses could provide alternative structures and values based on the principle of mutuality. In 1999, the Co-operative group set about enhancing its focus on ethical trading. It believed that its business was built on ethics and as a responsible retailer it had a duty of care to provide customers with the facts that they need in relation to genetic modifications, clear labelling, testing on animals and similar issues. This is in harmony with Drummond and Bain (1994:1-5) whose work focused on the ways that companies could incorporate a more rigorous ethical stance into their images and practices and the potential benefits of doing so.

In 1992 the Co-operative Bank implemented an initiative declaring with whom it would and would not conduct business. This stance enforced co-operative values and gave customers an opportunity to choose a British bank that published its ethical stance. Chief Executives and Managers herein surveyed were aware that the Co-operative Bank had been successfully repositioned as an ethical banker and 66% felt that the Movement as a whole should follow the example of the Co-operative Bank and incorporate a more focused ethical stance in their format. In this research, employees

put forward the views that management within an alliance could help smaller independent co-operatives in particular communicate the ethical position of the wider co-operative community in a mutually agreed format thereby promoting a wider recognition and representation of such matters. This would seem important for whilst most employees believed that ethics were an important issue it transpired that only 10% of those surveyed knew or believed that the Co-operative Movement had a particular ethical stance. Not surprisingly therefore, employees were in favour of communicating and implementing ethical initiatives on a much wider scale. However, it would appear from the surveys that one possible reason for not doing so might lie with management itself since 38% of CEO's and managers felt that ethical issues when compared with other commercial imperatives were only of marginal importance. This despite the fact that 99% of customers herein surveyed stated they were more likely to shop at a store which had incorporated an ethical policy which would seem to make the subject of ethics something of a commercial imperative in any case. Finally, 25% felt that the Co-operative Movement took more of an ethical stance than its key competitors with 18% of employees confirming that customers had discussed ethical issues with them at one time or another.

#### 4.4 CO-OPERATIVE CULTURAL ISSUES.

To reiterate a point made in Chapter 2, Jackson (1995:39) defined culture as 'the complete whole that includes knowledge, belief, morals, laws, customs and other capabilities or habits acquired by man as a member of society'. He also discussed it in terms of 'a set of habits, beliefs and customs or practices that influence businesses on how they should conduct their affairs'. The moral to this is that although profit maximisation continues to be vitally important, especially to commercial organisations, it is not always a sufficient criterion for assessing the success or overall performance of a business. The profit issue alone is perhaps becoming a too narrow and simplistic measure of performance. Jarillo (1993:3-20) writing on the subject, stated the importance of managing cultural issues and points of difference and that in this respect

an organisation should know when to compete, when to co-operate and when to communicate.

56% of CEO's and managers felt that the traditional co-operative culture still existed. Whilst 44% felt that it was important in a general sense, 54% felt that it did not have any impact upon employees. 58% of CEO's and managers felt that channels were in place to promote co-operative culture between managers and employees. 30% of CEO's and managers stated that employees discussed co-operative culture with them and 30% stated that employees discussed co-operative culture with each other. 14% of CEO's felt that co-operative culture encouraged staff to be more committed. 10% felt that it encouraged staff loyalty and 28% felt that it did have a discernible impact because staff had been less difficult to motivate. One ranking question on the CEO's manager survey related to co-operative culture having either a positive or negative impact. Most respondents felt that co-operative culture has a positive impact upon the Co-operative Movement. It allowed employees to work in a "family" atmosphere and provided them with a stake-holding. Because of this focus. 86% of CEO's and managers enjoyed working for the co-operative society whilst 10% did not.

Turnbull (1988: 1-8) in his research maintained that co-operative societies have in the past implemented policies that have complemented co-operative culture but have at times done so in an inconsistent way. He concluded that a uniform and more cohesive approach to incorporating culture was required. Middleton (1998:4-5) believed that there is nothing essentially wrong with co-operative culture but rather if anything it is people who have failed the concept. The managers' and employees surveys agreed with the secondary sources that co-operative culture is important and that it still existed and it provided a base for the co-operative movement to build upon its point of difference. Both manager and employee surveys confirmed that culture could become an essential element in redefining the co-operative difference a discussion of which now follows.

#### 4.5. THE CO-OPERATIVE DIFFERENCE

Trout (2000:8-99) made the case that organisations that are making greater use of differentiation are likely to perform more positively in the current climate than those which are not. He argued that heritage alone is often the basis for a point of difference which may be turned to a competitive advantage. The CEO's and managers surveys noted that the Movement had a strong culture derived from a strong heritage. There appeared to be an importance to having a strong heritage and one which helped people to be confident in their choice of who they wanted to do business with. Oldfield (2000:213-214&227) confirmed that the CWS had conducted research to enhance its positioning as a differentiated retailer by promoting the co-operative difference. The surveys confirmed that if differentiation was approached in a more cohesive manner this could be a strategic opportunity for the Co-operative Movement. They also confirmed that only a co-operative can differentiate itself via the co-operative difference therefore co-operatives have a unique opportunity. Many respondents argued that if two retail societies merge the post merged business would be in a better position to incorporate the co-operative difference due to its combined resources. An increase in scale via merger activity or joint ventures could encourage a stronger differentiated strategy. The CEO's and managers' surveys suggested that the Movement should work in harmony with other non-trading co-operatives to build upon the co-operative difference. They felt that a co-operative society should build upon its uniqueness because this would have a positive effect upon staff morale.

Omar (1999:15-18 & 392) noted that differential advantage was a product or service perceived by the buyer as more suitable and desirable than a competing product or service. Gilbert (1999:313-315) argued that differentiation involved a company developing a product, image or service that was unique. David (1999: 62) concluded that one potential problem could be that any point of difference in product image or service could lack recognition which might just be the Co-operative Movement's current problem.

A review of the surveys indicated that the Co-operative Movement is a business with a social conscience and this could provide it with a base to build a differential advantage. 56% of managers surveyed felt that customers would perceive the co-operative as serving the local community. 52% felt that customers would perceive it as having a strong ethical stance and that it had incorporated a range of ethical initiatives that could become part of the wider co-operative difference because the Co-operative Movement had a commitment based upon "caring and sharing". The manager's surveys implied that to reposition successfully, co-operatives should be aiming to regain market share from the premier retail chains. The surveys revealed that if a co-operative did not occupy a prime position in the minds of its members it was likely to go into decline. An analysis of the surveys also revealed that not all co-operatives had won the battle for "hearts and minds" and were producing a poor performance. 68% of managers did feel that the Co-operative Movement was distinguishable from its key competitors. Whilst 50% of managers felt that the co-operative difference was real vitally, 38% felt that it was once real but no longer. From this it would appear that CEO's needed to focus their attention on their employees as well as their customers

The surveys implied that never was there a better time for professional management to appear who were committed to incorporating the co-operative difference. At the heart of this lies the aforementioned point of recognition. One has to recognise things before one can hope to make a difference. 38% of CEO's and managers surveyed felt that the Co-operative Movement should compete with the premier chains. 16% felt that it should compete with them on price 24% felt that it should compete with them on quality and 18% felt that it should compete with them on a distinctive shopping experience. Clearly there is a problem of communication here between what senior management believes to be the case and what is actually impacting upon the co-ops customers since it was pointed out in an earlier section, only 15% of customers were actually aware that the co-operative was active in a social capacity. Again, the Co-operative Movement should ask itself how could it increase the percentages.

Parnell (1999:243-245) entitled his research "Repositioning Co-operatives". He focused on the co-operative difference and explained that people usually retained a number of fixed opinions in their minds. The managers' surveys and interview respondents confirmed this. 86% of managers felt that there was still room for the Co-operative Movement to differentiate itself whilst 18% felt that all retailers would eventually become the same. All interview respondents felt that business acumen combined with ethical standards could be a winning combination and that the Movement should seek to recapture the spirit of the co-operative tradition. They felt that the Co-operative Movement should be able to repeat its previous successes of fifty years ago and incorporate a similar ethical framework as it did then. The respondents added that it still had that unique point of difference and was a successful retailer that incorporated an ethical stance although its market share had since declined rapidly. An analysis of surveys indicated that the Movement's future would depend upon how members interpreted its mission statement and understood its public image and market positioning and how they built upon its distinctiveness in comparison with non-co-operatives. Respondents felt that within 5 years the Co-operative Movement should commence a major programme to reposition by incorporating a nationally agreed business plan whereby all co-operatives would communicate the co-operative difference and agree upon its format. All retail co-operatives and other co-operative businesses would support the co-operative difference and agree how it is to be communicated and the time-scales involved. Within 10 years the Co-operative Movement should be fully repositioned by incorporating the co-operative difference and recognised as an ethical retailer and all issues agreed upon mutually and nationally. Ideally, its ethical stance would be recognised similar to that of the Co-operative Bank. Within 15 years the Co-operative Movement should be fully repositioned as an all-embracing business. Its brand should then reflect quality, integrity and uniqueness. As a single business entity it should be able to compete with the premier chains, multiple groups and smaller niche retailers. Stated simply, its point of difference would be comparable to many and superior to most. CEO's and managers felt that the Movement's target market fell within the following categories, the older customer, the ethical customer, customers in price sensitive segments and customers that shop at

convenience stores. In order to assist the co-operative difference to be communicated effectively small convenience stores could operate as community stores. As a result they could offer a range of community initiatives, member benefits, service business within an ethical framework that is communicated clearly. This should appeal to the Co-operative Movement's target audience.

Responses by managers to in-depth questioning suggested that only 35-45% of the potential for the co-operative difference had been realised which begs the question what more could be done to improve that percentage? All the surveys revealed that member relations are important since how membership is managed is at the core of co-operation. The analysis revealed that co-operatives must realise that active members are vital for their democracy and co-operative governance. The analysis implies at least that co-operatives have not sufficiently encouraged member involvement by communicating their democratic structure in a clear and unequivocal fashion in retail stores which are the customers first and often only point of contact. The managers and employees surveys noted that one key point of difference was the Movement's democratic nature and that this point should indeed be emphasised. 66% of those questioned felt that its democratic identity could form part of its differentiating stance but once again there appears to be a problem of conviction on the part of some and of communicating the benefits of this to a wider target audience. For instance, 38% of managers said that they had participated in democratic affairs occasionally whilst 42% had never participated in them, with a further 18% declaring they had done so frequently. 4% confirmed that its democratic affairs were rewarding and 8% confirmed that they were enjoyable, whilst 30% said that they were boring and 10% felt that they were largely a waste of time. 94% of managers surveyed were members of the society.

Co-operative Retail Services (1999:7) stated that since 1978 it has sought to encourage the involvement of its members in the democratic affairs of the society and it believed it has provided the necessary information for them to participate fully. All CRS employees have been encouraged to take a proactive role within its democratic

structure. Employees have been in receipt of training which has focused on democratic issues. These democratic issues have included how a co-operative society differs from a private business and has highlighted the democratic points of difference of co-operative societies. Training has included how the Co-operative Movement is a business with a social conscience, especially as it relates to its democratic structure. It has been explained how members of retail co-operatives can vote for other members to be elected onto members committees, the members council and ultimately the Board of Directors. Trainees have been informed how they can become a member of the society on the payment of a nominal amount and take a proactive role within its democratic affairs and voting procedures. It has been emphasised that these features do not exist in private businesses. It was made clear that consumer co-operatives are actually owned by customers who are members. In addition it was demonstrated that the current participation of employees and members in the democratic activities of the Movement is at a low level. To rectify this, the Co-operative Movement's social objectives should encourage a high level of member participation within its democratic policies and procedures. This could include consultation on policy development and postal balloting to achieve greater participation.

40% of employees surveyed herein confirmed that they had received induction training shortly after commencing their employment and all 40% confirmed that co-operative values and the co-operative ethos were included in discussions. 20% of managers confirmed that staff development courses included an input on what they took to be the co-operative difference about which there was not necessarily a consensus view amongst all employees. 56% confirmed that induction training included a large input on co-operative history, 10% a small amount with the remainder not confirming any of particular note. 8% had received follow-up discussions on the co-operative history and ethos whilst 82% had not. It would appear therefore that within the society the perceived importance of such issues varies along with the amount of publicity given over to it. Not surprising therefore that the amount of importance accorded to it by the ordinary member of the public also appears patchy.

42% of managers felt that the democratic structure of the co-operative had a positive impact upon business, whilst 14% felt that it naturally had a somewhat negative impact with a further 40% believing it had little or no impact at all. Some 19% of customers knew that the co-operative society was owned and democratically controlled by its members although 57% were members of the society themselves. A significant 87% claimed never to have participated in its democratic affairs at all.

On the subject of co-operative identity and distinctive appeal, a significant 92% of customers considered co-operative stores to be similar to other competitors stores in many, if not most respects. Importantly, 78% of customers felt that the co-operative was a little out of date with a few complaining that the reward system (the long established dividend scheme) needs further updating to bring it in line with major competitors. Only 12% of those surveyed consider the co-operative to be forward looking in any way.

92% of managers felt that co-operatives should place even greater emphasis on convenience and community retailing further targeting and developing what today might be described as a niche sector of the market because of the changes that have taken place in food retailing. 40% of employees surveyed believed locality and convenience was a key personal motivator as to where people shopped and to their ultimate loyalty. This would seem to be broadly supported by the customer survey which indicated that 62% of customers ranked locality and overall convenience first when deciding on which store to shop at. From an organisational standpoint 2% of managers felt their focus should be on competing with the hyper markets and no doubt with this in mind, 16% of them wanted to see the co-operative achieving better economies of scale as a basis for an improved competitive stance. 10% of respondents were in favour of a mixed approach which left a clear majority in favour with continuing with the existing strategy. The customer survey suggested that it might be easier to identify and promote the co-operative difference when more attention was given to member benefits and allied service trades.

What is clear from all of this is that not everyone appears to be in agreement as to what is, or what should be, important to the Co-operative Movement and how best to communicate that to the various branches of the movement and beyond to the wider public to best possible effect. The surveys carried out in this research seemed to indicate that the Co-operative Movement has not successfully implemented a communications campaign that focused on co-operative differences tailored to its key stakeholder groups and to the wider stakeholder community. In conclusion, the surveys seemed to suggest that the Co-operative Movement's communication programme was perceived by many as being muted.

## **CHAPTER 5**

### **FINAL CONCLUSIONS**

## CHAPTER 5

### 5.1 SOME CONCLUDING THOUGHTS: SOCIAL ISSUES

The conclusions are based from the analysis of Chapter 4 and for reasons of simplicity similar headings will be used namely, social, ethical and cultural issues and the co-operative difference.

The project concludes that customers find social responsibilities appealing. Social responsibilities involve co-operatives taking a more proactive role in community affairs and making donations to recognised charities. Chief Executives and employees felt that the Co-operative Movement should aim to achieve both its profit and social objectives. A positive image is considered important to strengthen, sustain and stabilise the co-operative brand. Some retail stores are active in social responsibilities more than others. The project concludes that social responsibilities should be flexible to meet regional requirements but they lack recognition. The Co-operative Movement lacks a national plan and its communications have been ineffective. It is important for the Co-operative Movement to raise its social awareness via a recognised strategy. Communications have lacked uniformity and consistency. On reflection the Co-operative Movement has not monitored member involvement effectively. The project concludes that customers prefer to shop at an ethically committed store. Social activities locally have lacked consistency. The project also concludes that to enhance its social intent the Co-operative Movement should sharpen its focus on communicating to its stakeholder groups. At a strategic level the project concludes that an alliance or joint venture between two independent co-operative societies may make it easier to promote their social commitments. Finally, social co-operation is not an out of date philosophy but it could provide the Co-operative Movement with a vehicle to promote the co-operative difference.

Successful co-operative businesses require a proactive membership base that is supportive of the principles of co-operation and the participation of an active membership which must be managed and monitored to ease the repositioning strategy.

The project concludes that it is important to make co-operative membership meaningful and to demonstrate a co-operative commitment on behalf of the members because members are likely to have a sense of pride in being associated with a socially conscious business. It also concludes that international relations are developed between the Co-operative Movement and international co-operative businesses of other countries to encourage a co-operative commonwealth and to encourage people to live the co-operative way. Social co-operation is deemed necessary and the Chief Executive Officers/Managers surveys saw a clear need for a social intent. They also mentioned merger activity in addition to alliances and joint ventures. Evidence indicates that retail co-operatives have not monitored their social dimensions and they do not know the benefits of attracting members and how to differentiate themselves. In fact, 97% of customers prefer to shop at a business displaying a social and community awareness but only 15% are aware of the Co-operative Movement having done anything socially. There is obviously a gap between perception and reality.

## 5.2 SOME CONCLUDING THOUGHTS: ETHICAL ISSUES

Most respondents are aware of the Co-operative Movement's tradition. In addition to promoting social issues and social co-operation the project concludes that it is equally important to promote its ethical stance and the Co-operative Movement could follow the example set by the Co-operative Bank. The project concludes that large post-merged co-operatives may be able to help smaller co-operatives. Poor communications are noted in relation to the Movement promoting its ethical stance which the project concludes is of major importance. The project also concludes that its ethical stance could be incorporated into an agreed strategy. It is important for the Movement to promote its ethical stance on a wider scale to all current and potential stakeholders. Some respondents considered it to be only of marginal importance but the project concludes that it is important for all co-operative employees to receive training on this particular theme.

The project concludes that strategic alliances and joint ventures may make the transition to reposition easier. The project also concludes that the Co-operative Movement could agree on a range of actions implicit in co-operative philosophy and how they are applied within its sectors. It concludes that it could maintain its responsible retailing campaign which was launched in 1995 after the Movement's largest ever survey of consumer views was conducted. The project concludes that the Co-operative Movement cannot be all things to all people but it must take a more proactive approach to promoting its ethical commitment and this is of vital importance.

### 5.3. SOME CONCLUDING THOUGHTS: CULTURAL ISSUES

Co-operative culture and its component parts needs to be developed, agreed and communicated. It needs to be recognised, uniform and consistent because at the moment it lacks these characteristics. The project concludes that to recognise co-operative culture as being important it needs to be communicated to all levels of employees and stakeholders. Stated simply the channels are already in place but they need strengthening. The project concludes that co-operative culture could involve "working in a family atmosphere" and this is deemed important. The project also concludes that it would help to differentiate the Co-operative Movement in comparison with its key competitors. It concludes that employees are considered to be a key stakeholder and his provides an additional opportunity. The project concludes that a national agreed plan to communicate co-operative culture is imperative because co-operative culture is a component of the much wider co-operative difference.

### 5.4 SOME CONCLUDING THOUGHTS: THE CO-OPERATIVE DIFFERENCE

There is no statutory definition of a co-operative society. However, the co-operative difference could be defined as, the ownership and democratic control that members have in the running of their co-operative because as members they have democratic voting rights to vote for the election of directors. This is the main difference between a co-operative and a private business. A co-operative is not registered as a company

under the Companies Act but as a friendly society under the Industrial and Provident Societies Act. It is self-evident that only a co-operative can differentiate itself via the co-operative difference. Co-operatives have implemented a culture based upon caring and sharing. They have enhanced their ethical stance, encouraged member participation and have prompted social issues.

To reiterate, the research sought to attain the following three objectives.

1. To explore those areas which are construed to be the basis of the Co-operative ethos and which are thought to make it different from its competitors. In response to the first objective the project concludes that,

The co-operative difference is real and it provides a clear opportunity.

It has not been incorporated or communicated effectively in the past.

It needs to be promoted in a clearly co-ordinated campaign.

It is not only a strategic option but a commercial necessity.

Only a small percentage of it has been realised.

Co-operatives have a culture, tradition and heritage based upon caring and sharing.

The Co-operative Movement should build upon these issues.

It is a business with a social conscience and works within an ethical framework.

It should reposition itself as a responsible and ethical retailer.

Business acumen and ethical standards could be a winning combination.

The Co-operative Movement should recapture the spirit of the co-operative tradition.

It should differentiate by focusing on and incorporating the co-operative difference.

The co-operative difference could include many individual component parts.

The Co-operative Movement is over dependent on a few target markets.

It is considered by many as being out of date and similar to other retailers.

Co-operative stores are felt to be out of date and similar to other retailers.

Convenience stores should be converted to operate as community stores.

A focus on community retailing and member benefits could produce synergistic benefits and economies of scale.

The Movement's membership base should be managed and monitored more carefully.  
The Movement should remain profit motivated but trade with a social intent.  
Customers prefer to shop at a business that incorporates an ethical stance.  
Co-operative culture still existed and it had a positive impact.

2. To investigate employee and customer perceptions of this. In response the second objective the project concludes that,

Senior management need to focus more on employees, customers and members.  
Employees need more training, education and clearer lines of communication.  
Induction and follow up training needs a stronger focus on the co-operative difference.  
Individually tailored communication campaigns should be applied to meet the needs of each stakeholder group.  
Employees and members should be considered as key stakeholders.  
Convenience is a key personal motivator for both members and employees.

3. To arrive at a conclusion as to the advantages and disadvantages of incorporating any identified co-operative difference as a central tenet of differentiating themselves from their competition and as a plausible means of achieving competitive advantage. In response to the third objective the project concludes that,

Benefits are likely to outweigh drawbacks.  
Performance and productivity are likely to improve and increase.  
Mergers, alliances and more co-operation should produce added value.  
The Co-operative Movement should be all embracing as one trading entity.  
It should follow the example of the Co-operative Bank and work within a strict ethical framework.  
The co-operative difference is likely to build the Movement a competitive advantage.

## 5.5 OVERALL CONCLUSIONS.

Co-operatives have an opportunity to differentiate by incorporating their point of difference and communicating it to their target audience. If this is communicated as part of a co-ordinated campaign, it should help to redefine and strengthen the co-operative brand. This is a strategic opportunity for the Co-operative Movement to become more pro-active and attract new markets. In short there has never been a time when the co-operative difference has more potential. The Co-operative Movement could respond effectively to its challenges and seize its opportunities if it projects a clear sense of distinctiveness. It must realise its historical heritage and capitalise on the strength of its unique point of difference. It is important to have a strong management team who have a clear view on the co-operative difference so that it is communicated clearly within regions. There is also an opportunity for reassessing the features of co-operation that are individual components of the co-operative difference.

Many respondents argued that if two retail societies merge the post merged business would be in a better position to incorporate the co-operative difference because an increase in scale could produce economies and a stronger differentiated strategy. The Movement could work in harmony with other non-trading co-operatives to build upon the co-operative difference. The project concludes that a co-operative society could build upon its point of difference because this would have a positive effect upon staff morale. The Co-operative Movement is a business with a social conscience and this could provide it with a base to build a differential advantage. The Co-operative Movement has a commitment based upon "caring and sharing". The project concludes that to reposition successfully, co-operatives could be aiming to regain market share from the premier chains and multiple groups. It concludes that if a co-operative did not occupy a prime position in the minds of its members it was likely to go into decline. Not all co-operatives had won the battle for "hearts and minds" and many were producing a poor performance. Most managers felt that the Co-operative Movement was distinguishable from its key competitors. As a result the project concludes that Chief Executives needed to focus their attention on employees as well as customers.

There is not a better time for professional management to appear who are committed to incorporating the co-operative difference. At the heart of this lies the point of recognition. As explained there is a degree of uncertainty between what senior management considers important.

Co-operatives could take action on appropriate issues above and beyond their minimum legal requirements. Currently a co-operative could start from its current position and not from where it would like to be in the future. Senior management must establish a plan for taking the co-operative from its current to its desired position. This plan should only be attempted following a realistic assessment of its key competitors. A co-operative should identify a market that it intends to attract and the position that it needs to occupy within the minds of its customers and members. The co-operative need to match its reality with its new perception. The task of co-operative management could be to establish and maintain the position of the co-operative brand in the minds of the members. Members need to believe that the co-operative exists to provide benefits both to them and to customers. The repositioning strategy developed by the Co-operative Movement should be all embracing. It is necessary to focus a co-operative on the market position that it seeks and this will mean looking for a niche in the market that would allow consumers in it to perceive the unique contribution that the co-operative made. The position that the co-operative sought to achieve in the minds of its target market could be set within the framework of its mission statement. This mission has to be realistic and have an achievable time scale. The development of the co-operative housing sector could be an opportunity for the Movement. The project concludes that the democratic structure of the co-operative could have a positive impact upon its business activities.

In conclusion the Movement's future will depend upon how members interpret its mission, image and positioning and how it builds upon its distinctiveness. Certainly within 5 years the Co-operative Movement should commence a major programme to reposition. Within 10 years the Co-operative Movement should be fully repositioned as an ethical retailer by incorporating the co-operative difference. Within 15 years the Co-

operative Movement should be fully repositioned as an all-embracing business. Its point of difference would then be comparable to many and superior to most. The project concludes that the Movement's target market fell within the following categories, the older customer, the ethical customer, customers in price sensitive segments and customers that used convenience stores. It also concludes that for the co-operative difference to be communicated effectively small convenience stores start to operate as community stores and offer a range of community benefits. Co-operatives should place greater emphasis on convenience and community retailing further targeting and developing what today might be described as a niche sector of the market. Only 15% of customers were aware that the co-operative was active in a social capacity. The project also concludes that it might be easier to identify and promote the co-operative difference when more attention was given to member benefits and service trades. Not everyone is in agreement upon how to promote the co-operative difference. The project concludes that the Co-operative Movement has not successfully implemented a communications campaign that focused on co-operative differences tailored to its individual stakeholder groups. It also concludes that the Co-operative Movement's communication programme is perceived as being muted.

Business acumen combined with ethical standards could be a winning combination and the Movement should seek to recapture the spirit of the co-operative tradition. It was felt that the co-operative movement should be able to repeat its previous successes of fifty years ago and incorporate a similar ethical stance. It still has that unique point of difference that it had then. In terms of implementation, the Co-operative Movement could conceive a plan to involve individual members in the democratic affairs of retail societies. This could help to increase and maintain customer loyalty. Retail societies could establish member's councils with an intention of working together to promote the co-operative difference within the wider community. Co-operative societies could exploit cross synergistic benefits such as developing service trades namely, travel, funerals, catering, dry cleaning, banking and insurance which could be available via convenience stores which is the Movement's core activity. The Co-operative Bank's facilities available in store could help the societies to further emphasise the bank's

ethical stance and allow it to “piggy back” any goodwill engendered. Points of difference could be incorporated into a more rigorous marketing ethic. Finally the co-operative difference as a component of a strategy could be used to reinforce another strategy. A retail society could communicate its commitment to promoting the co-operative difference as it develops member services, member initiatives and service trades as well as further exploit and capitalise on the benefits of the convenience store as part of the sector which the multiples have so far neglected.

Co-operatives have to confront two main issues, how to become more distinct and how to communicate their point of difference. It is important for co-operatives to become the preferred method of business structure. A new branding strategy that incorporates and communicates the co-operative difference could be implemented. The Movement could encourage member participation at all levels and take an active role in supporting other forms of co-operative enterprise. Mission statements need to be communicated by regional and local societies which emphasise the co-operative difference. It is also important for co-operatives to recapture the spirit of reasserting the co-operative advantage. All co-operative movements could work in harmony to promote the co-operative difference both nationally and internationally.

The premise of this project is that if co-operatives do not reposition as social businesses by developing the co-operative difference, their demise is inevitable. Whether a business can continue as a viable business depends upon its ability to reposition and differentiate. In competitive markets businesses cannot rely upon memories and traditions. Rather they must intensely examine their mistakes and pay attention to change and be prepared to create a unique point of difference. The project concludes that co-operatives could offer one vehicle for addressing the need for change especially within their social systems. Co-operatives could promote the free co-operation of individuals and broader collaboration with other non-profit businesses in the social sector. A co-operative sector actively competing in the market place could raise the impact of the Co-operative Movement and increase the importance of co-operative activity. To incorporate the co-operative difference more rigorously would

involve the enhancement and co-ordination of its individual parts namely corporate integrity, corporate ethics, corporate philanthropy, member benefits, community benefits, social responsibilities, ethical labelling environmental protection, helping developing and under developed countries and having respect for ecological issues. Social objectives are unlikely to be achieved unless the business is successful and viable. Co-operatives also need to develop a vision to meet to the needs of their members and their own needs. Their future success or failure will depend upon developing a range of ethical and socially orientated policies that are compatible with co-operative practice. It is vital that co-operatives establish a co-operative identity by capitalising on the co-operative difference as defined within the project. The co-operative difference will acquire power through the process by which members and employees perceive it as their own vision. If the co-operative difference is not incorporated into the Movement's strategy to create a clear identity it seems likely that the Co-operative Movement will continue to lose market share. Should this happen, it is difficult to envisage its long-term future in such a highly competitive market.

Further research to establish the relationship between the co-operative difference and a competitive advantage may be possible as a continuation of this research.

**APPENDIX A**

**THE INTERVIEW SCHEDULE, INTERVIEW**

**DETAILS & RESPONSES**

## APPENDIX A.

### A SCHEDULE FOR THE PERSONAL INTERVIEWS CONDUCTED AT UNITED CO-OPERATIVES

1. What do you consider to be the co-operative movement's main repositioning problems in relation to its long-term decline, perception and public image?
2. How should it address and resolve these problems?

*My research is concerned with the potential benefits to be derived from focusing more strongly on incorporating the co-operative difference within the retail co-operative movement, I would like your views on the importance of the co-operative difference to ensure the movement's long-term survival.*

3. Do you think that the co-operative difference would be beneficial and important to co-operative organisations?
4. In your view what are the main features of a competitive strategy?
5. What do you see as the potential benefits and advantages of the co-operative difference for the collective co-operative movement?
6. What if any, do you see as the main disadvantages of the co-operative difference?
7. Do you consider that the co-operative movement has incorporated the co-operative difference sufficiently in the past or in the early part of the 20<sup>th</sup> century?
8. How in your opinion do customers perceive the co-operative movement?
9. It has been said that the co-operative difference within the movement has often been implemented for the wrong reasons. Would you go along with this criticism?
10. What do you consider to be the wrong reasons implementing the co-operative difference?
11. What in your view would be the main objectives in focusing on the co-operative difference within a joint venture between two co-operative societies?
12. Do you feel that there is scope for a stronger emphasis on ethical business, social responsibilities, protecting the environment, corporate integrity, ecological issues and honesty within the co-operative movement as it now stands?
13. Given the problems faced within the co-operative movement's retail sector, how important do you consider these differential issues to be?

14. Strategic alliances and joint ventures could be possible options within a re-positioning programme. What is your view about this? Would you support strategic alliances and joint ventures to enable the co-operative movement re-position more easily?
15. Let us assume that a more radical merger approach would be followed. In the circumstances, would you like to see in the long term, a single national society or a six society regional structure to build upon the co-operative difference?
16. What are your main reasons for favouring the option mentioned in the previous question?
17. Both of these structures imply a higher degree of centralised control. Do you consider that this is the way forward to implement the co-operative difference?
18. In which functions would you expect the movement to benefit synergistically if it incorporated the co-operative ethic more rigorously?
19. Following a repositioning project do you consider the co-operative movement could compete with the premier supermarket chains and the national multiple chains?
20. Can you describe why you are motivated to work for a co-operative business?
21. I would like your opinion in relation to service trades. Which are the most important service trades within the society? Which of these should be developed further? How should these be focused upon within a business strategy?
22. What are the main reasons why customers are attracted to shop in co-operative stores?
23. Where do you see the co-operative movement in 20 years if it fails to implement a stronger focus on the co-operative ethos?

*Thank you for your time and assistance.*

## THE INTERVIEWS CONDUCTED AT UNITED CO-OPERATIVES.

The interviews were conducted by the researcher at the offices of United Co-operatives on Monday 7th July 2003 and were arranged by Katie Bray Member Relations Administrator. The following people were chosen.

Mr Mark Craig.           General Manager, Co-operative Affairs.  
Mr. Dave Bebberton.   Member Relations Manager.  
Mr. Shaun Toal.         General Manager Food Division.  
Ms. Allison Gray.       Marketing Manager, Funerals Division  
Mr. John Briddon.       Operations Manager, Food Division.

The aims and objectives of my research were explained to each respondent and it was made clear that responses were sought specifically in relation to the co-operative movement and its unique point of difference. Whilst specific answers were requested responses led to discussions on the issues in question. I asked the five respondents the same questions in the same sequence. A copy of the interview structure can be seen at the beginning of Appendix A.

My rationale was to extract all the recurring themes and key issues that manifested via the postal surveys and ask the respondents to comment on these issues. One aim was to compare and contrast their responses to the responses that were received via the other primary methods. Similar responses could then be considered impartially before final recommendations were made. Another aim was to compare the opinions of senior management with those of other members of staff and customers.

After reflection and consideration of the primary research objectives the project considered that data received via personal interviews would be an ideal and valuable source of data. The project did not consider that the other options for collecting primary data would be appropriate and they were discarded. The decision was made to conduct interviews with people who had been directly involved in decision-making at a

strategic level within the co-operative movement as it related to the co-operative difference. The project felt with the benefit of hindsight that this was a valid decision. Within the one-to-one interview situation an informal and flexible relationship usually developed and they spoke in detail expressing their honest opinions and answers. A deeper awareness of the co-operative difference was obtained and we were able to discover how respondents felt and how they would have addressed the key issues. By interviewing respondents from different backgrounds and functions the project was able to obtain an enriched source of primary data. Had respondents been interviewed from the same background or function the responses could have given the project a rather biased or narrow picture.

#### AN INTERVIEW WITH MR. MARK CRAIG. GENERAL MANAGER. CO-OPERATIVE AFFAIRS.

Q1 I consider its main problems to be a lack of understanding from its diverse range of stake-holders, members and customers in relation to the early co-operative principals, c-operative philosophy, c-operative ethics and the c-operative purpose.

Q2 These problems could be addressed and resolved by undertaking a full scale public relations and publicity campaign which would serve two main purposes (1) to educate the people and (2) to communicate to them.

Q3 Differentiation is vital and imperative. It is important to communicate this to your target markets. A business that cannot compete with the premier chains should look at its point of difference with a view to incorporating this into a business plan and targeting a viable segment.

Q4 To be market led and at the sharp end of retailing systems to be alert to the changes in consumer tastes, habits and purchasing patterns. To be proactive in the marketplace, to know our strengths and build upon them in our case convenience retailing.

Q5 Differentiation by incorporating the co-operative difference could lead to increased sales, profit and market share. The co-operative advantage if managed effectively could be developed into a competitive advantage.

Q6 The only disadvantage would be to incorporate it as a temporary measure or not being fully agreed upon throughout the wider co-operative movement. In my view it would be a panacea for the co-operative movements problems.

Q7 The co-operative movement has incorporated the co-operative difference in the past but in the latter half of the period since 1844 the co-operative difference lacked any cohesive quality. It would help to promote business in both core and diversified activities. It would also help to build a competitive advantage via our service trades that include funerals, pharmacy, laundries, travel, cash collection and other services.

Q8 Most younger people could perceive it as an old fashioned outdated business. Many ethical people may perceive it as an ethical business and be loyal to the movement. Whilst the majority of people who live near to smaller co-operative stores may use them for convenience and top-up shopping.

Q9 My view is that the co-operative difference has not been implemented for the wrong reasons in the past but it has not been used to maximum effect.

Q10 I would be disappointed if the co-operative difference was implemented on the short term or if it was not fully agreed upon throughout the collective co-operative movement.

Q11 I do not have any objections about the co-operative difference being implemented between two societies who are undertaking a joint venture to their mutual advantage. A joint venture is usually for a fixed period but I hope that the co-operative difference could be implemented on the long term or on a more permanent basis.

Q12 Yes I fully agree with all the issues mentioned in Q12, all of these could be incorporated to be components of the overall co-operative difference. Although I must add that it could be overdone and this could enable the message to come over muted to the target market.

Q13 I consider the co-operative difference and the various differential issues to be of major importance.

Q14 I support strategic alliances, joint ventures and mergers between co-operative societies and co-operative businesses. I would like to see any new structure focus on meeting current and future target markets that could have a local and regional focus.

Q15 I support a six large society regional structure.

Q16 The reason for my answer in Q15 is that co-operative societies, irrespective of their size should focus on local markets by identifying local needs.

Q17 By thinking locally and focusing on local markets and local identities I have no arguments against a society being controlled from a centralised base. However, in the larger co-operative societies regional controllers should have the authority to implement strategies and styles to meet the needs of their own regions.

Q18 I consider that travel and pharmacy business should be developed further together with food retailing via the large range of convenience outlets. Synergies could be developed between any of these three functions. Synergies could also be developed between convenience retailing for the convenience of customers and services trades for the benefit of customers. I am also aware of the possible synergies between service trades and retailing activities or food trades and non-food trades.

Q19 I do not consider that at present the co-operative movement could compete with the premier supermarket chains and the leading multiple groups. I also have my doubts if they could compete with them following a major re-positioning programme to incorporate the co-operative difference effectively. My view is that the co-operative movement should avoid direct competition at this level and capitalise on the co-operative difference. It should compete against the smaller supermarket groups and the private convenience retailers.

Q20 I am achieving a lot of job satisfaction due to being employed by an ethical retailer and it is attempting to differentiate itself in its market sectors. I enjoy the team spirit and it is rewarding to know that we are taking the same route.

Q21 Service trades usually rank second to convenience retailing within trade development policies. The ones that are performing well are travel and funerals. My view is that these and all other service trades should be developed irrespective of their size. These should become an integral part of all future co-operative business strategies. In other words two or more service trades could be marketed together or they could be marketed in harmony with the Co-operative Bank or with convenience retailing.

Q22 Our customers are attracted to co-operative stores due to convenience and where they are actually sited, value for money not necessarily cheapness and due to the quality of the staff and to the overall product offerings.

Q23 If the movement failed to capitalise on the co-operative difference within twenty years I could still see it as a national retailer but one that had missed a golden opportunity.

#### AN INTERVIEW WITH MR DAVE BEBBERTON. MEMBER RELATIONS MANAGER.

Q1 The co-operative movement has attempted to reposition in the past. It has been repositioned now and has improved its performance. The improved performance has been noted in service trades, banking and convenience retailing. Its ethical initiatives have complemented this repositioning programme.

Q2 It should be perceived as a large successful single business and as one business entity with one Chief Executive.

Q3 Its point of difference has become important because in business there is a deep awareness about points of uniqueness. The co-operative movement is unique in many ways. The co-operative difference would be beneficial to any co-operative business.

Q4 To be alert to the degree of local competition and to its changes and to be customer driven. Some co-operatives have abandoned many of their retailing activities to the multiple groups and have concentrated on building service trades. One particular example of this is the Ilkeston Co-operative Society that is performing positively.

Q5 The benefits of incorporating the co-operative difference relate to building brand awareness, reputation and integrity. This would have a positive effect upon the co-operative brand in any and every co-operative business or society.

Q6 I do not see any disadvantage of incorporating the co-operative difference. In my view it was not incorporated effectively during the latter half of the last century.

Q7 The co-operative movement has attempted to incorporate its difference in the past but not all societies had agreed upon it. The Co-operative Independent Commission of 1958 and the later one of 2001 both emphasised the importance of recognising the

movement's unique point of difference. It was more strongly emphasised by the recent Independent Commission. By incorporating the co-operative difference it would do maximum good and little harm. If it is recognised throughout the wider movement it could provide synergistic benefits to all functions, all co-operative businesses and all retail societies.

Q8 This will depend upon the region. Customers in Ilkeston will perceive it as a more professional business. In a region that has a more poorly performing co-operative society people will perceive it as a more out-of-date business. People who bank with the Co-operative Bank will possibly perceive it as an ethical retailer. However many people will perceive it as an ordinary retailer.

Q9 No, I do not believe that the co-operative movement has implemented the co-operative difference for the wrong reasons and I cannot think of one wrong reason.

Q10 My previous answer relates to this.

Q11 To incorporate the co-operative difference within a joint venture between two retail societies would enable both societies to pool resources, share expertise and bring mutual advantages.

Q12 Yes, there is scope and more scope for a stronger emphasis on all the key points that you mention in relation to ethical issues. You cannot incorporate these too much or too often. My view is the more the merrier.

Q13 Its differential issues are of prime importance within the retail sector because retailing is dynamic, uncertain and the market can change rapidly.

Q14 I have supported and I still support any joint venture, mutual agreement or merger activity between two retail co-operatives when it is their intention to build a competitive edge together. I feel that there is strength in numbers and that the co-operative difference could then be incorporated more effectively.

Q15 I support a regional society structure comprising between six and ten large retail co-operatives. They should attract both regional and local markets via service trades and convenience retailing.

Q16 Any new or existing co-operative structure should involve and encourage the membership. The new society should follow the lead of the Co-operative Group who have implemented a "Making Membership Meaningful" programme.

Q17 I have no arguments against centralised control. It would centralise key management and specialist functions that would ensure that a lot of shared experience is readily available.

Q18 I see synergistic benefits, especially if retail societies that have successfully incorporated the co-operative difference work in harmony with the Co-operative Group and the Co-operative Retail Trading Group. These are the largest co-operative society and the movement's centralised purchasing function respectively.

Q19 In my opinion it is difficult for the movement to compete with the premier chains and the leading multiples. It would also be difficult to compete with them after successfully incorporating the co-operative difference and a positive performance had later been noted. For these reasons the co-operative movement should avoid direct competition at this level and focus upon building the co-operative difference. The movement could build upon its point of difference and position itself to attract specific target markets.

Q20 I enjoy my career with the co-operative. I also get satisfaction knowing that I am part and parcel of an ethical business. I enjoy the management team spirit and being part of the "family" of businesses

Q21 Travel, funerals and banking are the more successful and these should be developed together with the others in which we are building our market share. Cross marketing initiatives could be used to develop these businesses. Service trade development is of prime importance in addition to convenience retailing. Two complementary business functions could be marketed together to bring mutual advantages to both functions.

Q22 Customers are attracted to the quality of our staff, the management of our shops, convenience of location, opening hours and product availability. I feel that our customers like the convenience offering via our convenience stores.

Q23 The co-operative movement is taking this strategy route and it can see the related advantages. If it failed to capitalise upon its uniqueness it would possibly fail. But in twenty years time I see one national co-operative society that has successfully repositioned itself to attract its markets like any other differentiated retailer.

**AN INTERVIEW WITH MR. SHAUN TOAL. GENERAL MANAGER. FOOD DIVISION.**

Q1 The co-operative movement's main repositioning problems are its dated, negative and old fashioned down market public image.

Q2 The co-operative movement has attempted to address and resolve these problems. It has reinvested large amounts into expanding its trading base to focus on convenience retailing to meet local markets. It has also modernised many of its premises and retail outlets.

Q3 The co-operative movement's point of difference is important but I do not feel that it is as important as it was many years ago. I am thinking of between sixty and seventy years ago when the co-operative movement had a market positioning that exceeded that of what Marks and Spencer has today. I consider that the co-operative difference would be beneficial to any co-operative organisation irrespective of size or purpose.

Q4 To be customer-led is vitally important and to know our strengths and to build upon them to our advantage. To keep your eyes on the ball in highly competitive markets and to be alert to the changes in policy that our competitors are intending to make. To become the "first" to implement any new major initiative. The main determinants are our plans to regain and sustain our levels in turnover, profit and performance.

Q5 The main benefits of incorporating the co-operative difference would be to build a differential offer that appeals to target markets, especially if it was agreed upon throughout the wider co-operative movement.

Q6 I certainly believe that the main advantage would be in building the co-operative brand. I cannot think of any disadvantage of incorporating this point of difference.

Q7 Yes, the co-operative movement had incorporated the co-operative difference sufficiently in the past. I often consider the movement's early successes and its present performance in banking, convenience retailing and service trades. A lot has been done so far, especially in building the Co-operative Retail Training Group and repositioning the CWS that has recently been renamed the Co-operative Group. These two large co-operative organisations could help to promote and communicate the co-operative difference in many respects.

Q8 Most customers will perceive the co-operative movement as an old fashioned business. Many are aware of the ethical stances of both the Co-operative Group and the Co-operative Bank. I feel that we are gradually getting the message across. It would be better if this could be done in co-ordination with these two and the other national co-operative businesses.

Q9 Yes, the co-operative difference had been implemented in the past for the wrong reasons. With many retail societies all independent of each other some wanted to emphasise certain issues more than others. As a result many societies could not agree upon the main issues to be developed which resulted in conflict, uncertainty and a communication breakdown.

Q10 It would be wrong to implement the co-operative difference with the intention of obtaining short term benefits. The objective should be a long-term competitive advantage.

Q11 I agree that two societies could incorporate the co-operative difference within a joint venture effectively. Two main advantages could be consistency within the message and an increased perception of the co-operative movement generally.

Q12 Yes, there is much stronger scope for ethical business practice and ethical business decisions. All the points that you raise could be individual components of the co-operative difference. These cannot be emphasised too much because they could be used as unique selling points. All we need do is to take a look at the performances of private businesses that have differentiated successfully.

Q13 I consider that these differential issues and the co-operative difference generally are both imperative and vitally important.

Q14 Personally I support joint ventures, strategic alliances and merger activity, although I prefer the first two options.

Q15 If the collective co-operative movement ever undertook a merger programme I would prefer to see one national retail co-operative society.

Q16 The reasons for my answer in Q15 are to maximise efficiency with the intention of regaining lost market share and building a sustainable competitive advantage. It should also see the co-operative movement build a more positive performance and brand.

Q17 To build upon the co-operative difference and implement it to bring added value to the movement it should originate from a central base.

Q18 I see synergies between the Co-operative Bank, food retailing, convenience retailing, pharmacy and service trades generally. These functions working together could produce more value for the movement than what they could if they worked independently of each other.

Q19 I consider that the co-operative movement could compete with the large supermarket chains and multiple retailers if they could produce a positive performance by building upon and implementing this point of difference. The movement should compete at this level with the large supermarket chains and multiple groups and not ignore them. They should aim to regain lost ground and build up their declining market share.

Q20 I appreciate the movement's commitment to social responsibilities and its initiatives to assist the wider social community via its diverse range of ethical policies. I enjoy the group spirit and the flexibility that this offers in comparison to my previous employment in private trade.

Q21 I consider travel and funeral business as core service trades and because these are considered core they should be developed to bring maximum added value to it. All other service trades should be developed to build them up to becoming future core service business. These functions are those which have often been ignored by the leading multiple groups. As a result they are likely to involve less risk for co-operative businesses. All service business is important because it is a potential growth market for British co-operatives. These issues should become an important component of co-operative business strategy.

Q22 I feel confident that customer motivators are, the location of our stores, pricing policies, staff customer relationships, product ranges within the convenience sector, opening hours and offering a customer friendly approach in that specific order.

Q23 If the co-operative movement failed to implement the co-operative difference effectively its reputation, image and brand could diminish. Building upon the co-operative difference is not just a strategic option but a commercial necessity in every sense.

**AN INTERVIEW WITH MS. ALISON GRAY, MARKETING MANAGER,  
FUNERALS DIVISION.**

Q1 The co-operative movement's main repositioning problems relate to its previous history and heritage. I see a problem with its older customers. One particular problem may be communicating the co-operative difference to the older members of its target market. These customers may not appreciate and be aware of the amount of change needed to reposition the co-operative movement.

Q2 The co-operative movement has made attempts to reposition in the past. Its performance, sales and profit have all declined. Major reinvestments are necessary to develop its main activities into core competencies. I suggest that the movement should benchmark its performance against leading members of the industries in which it is active.

Q3 The co-operative movement's unique point of difference is vitally important. co-operatives are different to private companies therefore only co-operatives can incorporate the co-operative difference. The co-operative difference would be beneficial to any and every co-operative organisation.

Q4 The determinants should be to build upon our strengths as a membership-based business and to communicate to our members and customers "who we are and why we are doing it". It is important to incorporate into our strategy a wide range of membership-based issues, our commitment to social responsibilities and to improving the quality of life within the communities in which we serve. It is important to focus on the profit motive because if we cannot make a profit we cannot continue to communicate our social and membership issues. It can chain react onto other issues.

Q5 Potential benefits would show in a more positive performance. National benefits and cross synergies could be obtained if the communication message to incorporate the co-operative difference was uniform and consistent.

Q6 I do not see any disadvantages by incorporating the co-operative difference.

Q7 I do not consider that the movement has incorporated its point of difference sufficiently in the past. Its performance will reflect this. The benefits I see relate to the co-operative movement's customer base. If it is incorporated into a national business

plan the movement could focus on its existing target market and attract new target markets. The movement could incorporate its point of difference to attract markets that it considered viable and attractive. The main benefit would be a diverse customer base. The main advantage would be that this would give the movement a vast amount of data on customer spending patterns that would help the movement to implement its marketing strategies accordingly.

Q8 The majority of our customers will perceive United Co-operatives as an ordinary business. But a minority will perceive us as an ethical form of business. I am aware that our overall perception would be as a business that has not kept up with the times but we have a golden opportunity within our grasp.

Q9 The movement has incorporated its difference for the wrong reasons. In the past when performance has suffered a temporary setback the difference has been incorporated but when performance has later improved the difference has been discarded.

Q10 Its point of difference should not be implemented for the reasons outlined in the previous answer.

Q11 I support the co-operative difference in every respect and alliances could bring mutual advantages to all societies within the alliance. They could share experience, expertise and pool resources to their mutual advantage.

Q12 There could be more scope for a stronger emphasis on these ethical issues. I have doubts that the movement's customers may not be interested in all of these issues. It appears that they may prefer value for money in relation to quality and price. They may not put a lot of importance on these ethical points.

Q13 The co-operative difference is vitally important and the co-operative movement is dependent upon it.

Q14 I do not necessarily support merger activity. United Co-operatives focuses on regional and local markets and if mergers take place the society could lose its focus on its local markets.

Q15 If I knew that a post merged co-operative movement could incorporate the co-operative difference successfully to attract its local and regional markets I would support a single national society.

Q16 Customers perceive the co-operative movement as one single business entity. Potential customers are likely to perceive it within a similar context.

Q17 If its point of difference can be communicated effectively without disturbing its target market I see no reason why a central base could be effective.

Q18 I see mutual advantages and benefits in all main functions including retailing, service trades and diversified activities. I also see benefits between two different service trades, perhaps funeral, travel and pharmacies.

Q19 If its point of difference is communicated effectively it could be perceived as being different from the premier retail chains. In my opinion it could and should compete with them. It should not avoid direct competition at this level but it should get used to competing with them gradually.

Q20 I enjoy my responsibilities that involve providing services to our members and customers. I achieve job satisfaction and enjoy being part of business that is committed to an extensive ethical framework that it has published. I am part of a team and I enjoy group activity.

Q21 Service trades and convenience stores are both routes to organic expansion. These are important and should be built and developed further especially funerals and travel. The motor group and post offices could also be developed with the more successful services. The aim would be build these services so that they make a direct positive contribution to the co-operative movement's performance.

Q22 Customers have explained to me that they prefer convenient locations, reasonable prices, pleasant staff, and wide selections of the everyday product ranges for emergency shopping.

Q23 If the co-operative movement failed to incorporate and build upon its uniqueness it could possibly become much smaller and less profitable. We would probably see a more negative performance in all of its activities.

AN INTERVIEW WITH MR JOHN BRIDDON, OPERATIONS MANAGER,  
FOOD DIVISION.

Q1 Its main repositioning problems include its failure to modernise and update its trading base. A sharper focus on convenience retailing should have been made years ago. The co-operative movement's down market image may be so negative that it could be difficult to repair the damage that has already been done.

Q2 The co-operative movement should modernise and update all its functions from its core functions outwards. It must speculate to accumulate and make capital investments available. Its market sectors are volatile and uncertain and are likely to change rapidly at short notice.

Q3 The movement's point of difference is important due to its key competitors within convenience retailing. Convenience retailing is now a core activity for the co-operative movement. It should incorporate its point of difference immediately and on a much larger scale to differentiate itself from the non-co-operative convenience retailing chains. The latter are the movement's key competitors. I place more emphasis on the non-co-operative convenience retailing groups than what I do on co-operative organisations. All of the original Rochdale principles should be incorporated into the co-operative difference.

Q4 The features of our competitive strategy are to build upon our strengths further. We intend to extend our portfolio of convenience stores by merger or by making acquisitions when a suitable merger or acquisition partner has been identified. This is an activity in which we intend to become market leaders. It is turning our opportunities into strengths. The determinants are to build a competitive advantage and a sustainable competitive advantage. If we are performing better within the convenience store sector it is proof that we are engaged in the correct activities to attract our target market. The determinants of our competitive strategy are its suitability, feasibility and its appropriateness in relation to the resources that we have available that are labour, premises and capital.

Q5 The main benefits would be noticed by serving its customers. All benefits would be noticed by positioning the co-operative movement to attract its customer base. The benefits would be noticed in customer retention, customer loyalty, business integrity and brand recognition.

Q6 I do not see any disadvantages by incorporating its point of difference.

Q7 The co-operative movement has been in decline for many years. Its point of difference has not been incorporated in harmony with the rest of the co-operative movement. If it had have been incorporated we would have noted an increased level of performance and an increased share of the market. By incorporating the co-operative difference in agreement with other societies we would possibly see more joint ventures and strategic alliances due to the difference being incorporated in complete harmony. The Co-operative Retail Trading Group could have expanded and developed to represent all co-operative business. We could see several co-operative retail trading groups. In effect each retailing activity or service trade could have its own centralised buying group.

Q8 Our customers perceive us as a professionally managed convenience retailer. We are the largest operators of convenience stores in Britain. Our portfolio of convenience stores produces a positive performance and we intend to build upon our portfolio of convenience stores when the opportunity arises. We have a positive perception within these activities and within our service trade business. People will not perceive us as a large-scale operator of large supermarkets. The movement's public image within a general context is "negative and down market".

Q9 The co-operative difference must be fully agreed upon throughout all strands of the co-operative movement otherwise there is not much use in communicating it. Some societies could feel that national co-operatives are trying to influence their independence. Chief Executive Officers may be tempted to protect their vested interests.

Q10 My previous answer relates to this.

Q11 Within a joint venture many advantages could be noted. The movement could become massive via effective joint ventures, strategic alliances or co-operative agreements. There is strength in both size and numbers.

Q12 There is definite scope and potential to incorporate all of these ethical issues. A co-operative business cannot incorporate too many of these or incorporate them too often. I would like to see a cohesive public relations campaign that incorporates marketing communications and advertising programmes. This public relations campaign could develop all of these issues into selling points.

Q13 I consider the movement's differential issues to be highly important.

Q14 I would support strategic alliances and joint ventures within a repositioning programme if they could reposition the co-operative movement as a more ethical retailer. Again I stress that there is strength in both size and numbers.

Q15 If I had to choose between the strategic options available I would choose one single society that had a national geographical spread.

Q16 The reasons are to enable the co-operative movement to obtain maximum benefits and economies of scale.

Q17 United Co-operatives is a successful, viable and profitable co-operative business and it has a central control. It is obvious that a professionally managed co-operative can communicate the co-operative difference from a centralised base.

Q18 The main synergies could be obtained via the co-operative movement's food stores. Although the co-operative movement is basically a convenience store retailer it has a few medium and large sized supermarkets. I see benefits being obtained by pursuing cross marketing initiatives throughout the entire food division.

Q19 I consider that the co-operative movement could compete with all key competitors. I must stress that the movement would not be using its full strength if it incorporated a regional structure. Whilst many societies support a regional structure this is an issue that causes me some anxiety. The co-operative movement used to operate more large sized supermarkets. In recent years it has sharpened its focus on convenience retailing and disposed of many of its larger stores. At present it should not attempt to take on the premier retail groups but compete head on with the non-co-operative convenience retailers.

Q20 I have freedom of action to use my own skill and judgement and to make my own decisions. I enjoy the freedom and the co-operative movement's ethical stance that incorporates a wide range of environmental, ecological, member-based and

community-based social initiatives. I enjoy my career and support the co-operative movement on how it implements policies that reflect both co-operative and corporate integrity. I cannot over-emphasise this issue.

Q21 Service trades and convenience retailing are lifelines for the co-operative societies. Travel and funerals are performing to a satisfactory level. Other service trades should be developed similar to how these two were previously developed. Service business in any context is important. It takes the strain off retailing activities when co-operatives have difficulty in competing with key competitors.

Q22 Customers prefer an attractive store and the opportunity to purchase the products that they need. We always attempt to manage the marketing mix with this issue in mind. We attempt to establish good relationships with our customers. They appreciate convenience and extended opening hours and the ability to pursue different types of service business in our stores. They can experience a versatile and flexible relationship with United Co-operatives. Customers use our customer care line. This has helped to build the co-operative brand. They also appreciate value and a reasonable bargain from friendly, confident and courteous staff.

Q23 If the co-operative movement did not incorporate the co-operative difference within the next few years it would gradually fluctuate. Its performance may be unstable and it would possibly vary in size and gradually diminish. I do not like to think what could happen to the movement if it failed to incorporate its points of difference. I am aware that the co-operative movement competes in a market that is represented by premier supermarket chains, regional multiples, European discount chains, convenience retailers and niche retailers. The co-operative movement has not successfully repositioned itself and its position within the industry looks fragile and uncertain.

## **APPENDIX B**

### **THE ACTUAL SURVEYS**

**Survey - The Co-operative Difference and the Co-operative Movement**

**A Survey for Employees of Co-operative Societies**

**Researchers: Dr. J. Tattersall, Dr. P. Whyman and Dr. R. J. Weekes**

Department of International Business, University of Central Lancs.

Answers will be treated in the strictest confidence

Completed sheets can be returned by use of the SAE ( enclosed) or **faxed** to the following number: **01772 892906**

Thank you for completing the survey and assisting the research project.

1. Do you like working for the Co-operative? more than other jobs   
Not really  Its OK.
2. Do you think you get paid; More than other similar jobs  Less   
About the same
3. Do you think your working conditions are: Better than in similar jobs   
Worse  About the same
4. Do you think that your job in the Society is: Safer than elsewhere   
More at risk  About the same level of job security
5. Do you think the atmosphere at work is generally: Good  Bad   
Better than other places you have worked  Worse
6. What are the main factors motivating you to work for the Co-op rather than one of its competitors? (Please rank in order of importance i.e. 1 = most important and 9 = least)

Locality and convenience	
No alternative offers	
Better remuneration	
A distinctive ethos	
Non monetary benefits	
Better promotion prospects	
An easy life	
Offered a career - job for life	

The Co-op is a good employer

7. Is the Co-operative Movement out of date? Yes  No   
a. Please explain your answer.....
8. Please suggest any initiatives which you think will help the future position of the Co-operative Movement.....
9. Do you find the Co-operative Management style to be: formal  informal
- 10 Are ideas and initiatives actively encouraged from employees by management?  
Yes  No
- 11 Do senior managers and Trade Unions typically work together towards mutual interests? Yes  No   
a. Are there cases where interests clash? .....If yes please give an example  
.....
12. Do you think that industrial relations are better or worse in Co-operatives than in private companies? Better  About the same  Worse
13. Are you a member of a Trade Union? Yes  No
14. Which of the following does the Co-operative Movement realise in practice?  
Teamwork  profit sharing  environmental protection  ecological issues   
ethical labelling  corporate integrity  social responsibility
15. Is the Co-operative Movement a different sort of organisation to work for?  
Yes  No   
If yes why?.....
16. When you tell your friends where you work do you feel: Pride  Embarrassment   
Nothing its "just another job"
17. The Co-op is forever saying its different from other types of business -  
Do you think this is: True  False  Used to be true but no longer   
Very little in it
18. Does your store ever get involved with social activities to benefit the local community? Yes  No   
a. If so do you get involved? Yes  No   
b. Roughly how many hours per year? .....
- c. Roughly what percentage of this is in work time?.....%
- d. Do these community activities make you feel: more positive about yourself?   
More positive about working for the Co-op  Makes no difference
- e. If you participate in such schemes, do you feel: Better motivated at work   
Has little or no difference to how I work

19. Do you think the Co-op is a better organisation for doing such things? Yes  No
20. Are you a member of the Society? Yes  No  How long? .....
21. Have you participated in the democratic affairs of the Society?  
 Occasionally  Never  Frequently   
 If you have never participated why not?.....  
 If you have participated do you find the activities-  
 Rewarding  Enjoyable  Boring  A waste of time.
22. Does the democratic structure of a Co-operative society have an impact on its ..  
 activities? (1) It has a positive impact  (2) a negative impact  (3) no impact   
 a. Please give examples.....  
 .....
23. Do you think the Co-operative Movement takes more of an ethical stance than its  
 competitors? Yes  No   
 Please explain your answer.....
24. Have you noticed the Co-operative Movement supporting initiatives intended to  
 benefit the local community? Yes  No   
 Please give any example.....
25. Do you think Senior Managers spend much of their time working on projects to  
 benefit the local community?  
 Yes  No   
 a. Should they just concentrate on the business i.e. profits and costs Yes  No
26. Do your customers ever discuss the Co-operatives social and ethical identity with  
 you? Yes  No   
 a. If yes, what type of issues and in what way? .....  
 .....
27. Does the Co-operative Movement have a distinctive culture? Yes  No   
 a. If yes in what way?.....
28. Do you think the Co-operatives distinctive culture gets in the way of it competing  
 effectively with other stores? Yes  No   
 Please explain your answer.....  
 .....
29. Do you think that the Co-op community projects can:  
 a. Help improve Co-op business activities by raising its profile   
 b. Makes little or no difference to business objectives - Co-ops should  
 concentrate on core activities   
 c. Has no impact on business success but should be done anyway for  
 morale/ethical reasons

30. Did you receive an induction course(s) when you first started working at the Co-operative Yes  No   
 (a) If yes, did it include any discussion about the Co-op's history, form of ownership, organisation and values? Yes  No   
 (b) Could you please mention any key points you remember.....  
 .....
31. Apart from induction, have you received any follow-up training which has covered these issues? Yes  No   
 (a) If "Yes" please describe.....  
 .....
32. Have you heard of the Co-op foundation? Yes  No   
 If yes, do you know what it does Yes  No   
 If yes, have you ever applied for funding from the foundation? Yes  No
33. Would you like to know more about the work of the Co-op foundation?  
 Yes  No   
 (If yes please contact [www.coop.co.uk](http://www.coop.co.uk) or phone 0161 493 4582)
34. What do you think should be done to raise the foundations profile?  
 a. Direct mail to your house. Yes  No   
 b. Poster/leaflets in Co-op stores Yes  No   
 c. Other-please list.....
35. It would be helpful for comparative purposes only if you could include following. Please remember all answers are given in the strictest confidence and will be seen by the academic research team only.  
 a. Age: 18-24  25-34  35-44  45-54  55-64   
 b. Gender: Male  Female   
 c. Job Title.....  
 d. Grade of employment.....  
 e. Division where employed (e.g. Food Trades, Non Food Trades, Service Trades or Administration.....  
 f. How many years have you worked for this Co-operative Society? .....yrs  
 g. Have you worked anywhere else? Yes  No   
 h. Was it another Co-op? Yes  No   
 i. If so, for how long?.....years.

**Thank you for completing this survey. Please fax to 01772 892906 or return in SAE.**

**Survey - The Co-operative Difference and the Co-operative Movement**

**A Survey for Customers in Co-operative Stores**

**Researchers: Dr. J. Tattersall, Dr. P. Whyman and Dr. R. J. Weekes**

Department of International Business, University of Central Lancs.

Answers will be treated in the strictest confidence

Completed sheets can be returned by use of the SAE (enclosed) or faxed to the following number: **01772 892906**

Thank you for completing the survey and assisting the research project.

1. How often do you shop at this store? At least once a year  once a month   
once a week  more regularly than once a week
2. Approximately how much money do you spend at the following retail outlets per week? (1) at Supermarkets £..... at (2) Convenience stores £.....
3. What do you consider to be the most important attraction about your local Co-operative store? Please rank in order of importance (i.e. 1 being the most important, and 7 least important)

Low prices.

Serving the local community.

Convenience.

An ethical trading policy.

Friendly staff and quality service.

Quality products.

Other services i.e. Banking, Laundry, Funerals, Milk Delivery

4. Do you use any of the following Co-operative service trades, please rank in order of usage i.e. 1 = most used, 8 = least used.

	Yes	No
Restaurants		
Milk Delivery		
Travel		
Funerals		

Banking		
Car Hire		
Opticians		
Insurance		

5. Do you consider the Co-op to be just the same as other shops? Yes  No   
 (a) If no in what ways is it different.....  
 (b) Are these differences important to you? .....
6. Do you consider the Co-operative Movement to be (1) forward looking and dynamic?  or (2) out of date?   
 a. If yes to (1) please explain why?.....  
 b. If yes to (2) in what respect? .....
7. In general are you more likely to shop somewhere which has an ethical policy on issues like genetically modified food, ethical labelling and ethical banking etc.?  
 Yes  No
8. In general are you more likely to shop somewhere if it undertakes community-based initiatives and social responsibilities perhaps supporting local schools, charities and hospitals? Yes  No
9. Did you know that a Co-operative Society is owned and democratically controlled by its members Yes  No   
 a. If so are you a member of the society Yes  No   
 b. Have you participated in the society's democratic procedures?  
 Never  Occasionally  Regularly   
 c. Do you feel that you "own" your Co-op and influence what it does. Yes  No   
 d. Do you feel that Co-op decision making is far remote from you even if you are a member Yes  No
10. Did you know that the Co-operative Movement has an active role in social and community affairs? Yes  No   
 a. If Yes, can you give me any examples of what it has done in this area?  
 .....  
 .....
11. Did you know that the Co-operative Movement has a distinctive ethical stance?  
 Yes  No   
 a. Can you tell me what it is?.....  
 .....
12. If a store adopts an ethical policy, social agenda and is democratically owned are you:  
 a. More likely to shop there   
 b. Less likely   
 c. Makes no difference to me

13. Have you ever heard of the Co-op Foundation? Yes  No   
a. If yes could you please describe what it does?.....

14. Just a couple of quick questions about you.

Age 18-29 30-39 40-49 50-59 60+

Gender M  F

Occupation.....

Travel to Co-op? Car  Bus  Walk  Other .....

**Thank you for completing this survey and assisting our research project.**

**Survey - The Co-operative Difference and the Co-operative Movement**

**A survey to Chief Executive Officers and Store Managers of Co-operative Societies**

**Researchers: Dr. J. Tattersall, Dr. P. Whyman and Dr. R. J. Weekes**

Department of International Business, University of Central Lancs.

Answers will be treated in the strictest confidence

Completed sheets can be returned by use of the SAE (enclosed) or faxed to the following number : 01772 892906

Thank you for completing this survey and assisting the research project

1. How do you think customers and members perceive the Co-operative Movement?  
(Please tick)

Just another shop	<input type="checkbox"/>
Old fashioned and out of date	<input type="checkbox"/>
Too expensive in price sensitive segments	<input type="checkbox"/>
Providing above average goods and services	<input type="checkbox"/>
Serving the local community via convenience retailing and community initiatives	<input type="checkbox"/>
Price competitive in comparison with competitors	<input type="checkbox"/>
Dynamic enterprise and forward looking	<input type="checkbox"/>
Ethical standards, ethical trading and ethical banking	<input type="checkbox"/>
Providing member benefits	<input type="checkbox"/>
  
2. Is there room for a Co-operative Movement within a global economy? Yes  No 
  - a. Or will all retailers become increasingly the same? Yes  No
  - b. If your answer to 2a. is yes could you explain how?.....
  
3. How do you see Co-operative stores changing within the next ten years?.....  
.....
  
4. What in your opinion are the main features which attract people into your stores?  
.....  
.....
  
5. Why are some retail Co-operative stores more successful than others?.....  
.....
  
6. Should the Co-operative Movement concentrate on? (Please tick)

- (1) Out of town hyper markets that are price competitive
- (2) Local community stores that focus on convenience retailing
- (3) A balance of these two possibilities (50:50)

7. When determining a competitive strategy please rank the following in order of importance (i.e. "1" being the most important and 9 = least)

- Low prices
- Quality products
- Friendly and well trained staff with good social and professional skills
- A commitment towards community based initiatives
- Large stores with sufficient car parking
- Ethical standards and corporate integrity
- The development of service trades including funerals, travel, catering etc.
- The development of member-based initiatives
- A good reputation and a positive image

8. How important is goodwill and developing customer loyalty in a competitive strategy?

- Very important  One of many factors  Not significant.

9. Do you think that the Co-operative Movement is in some way distinguishable from its key competitors? Yes  No

a. If yes could you please explain how.....  
 .....

10. One area where the Co-op Movement claims to be different is in having a specific Co-operative culture, does this still exist? Yes  No

11. Is this an important issue? Yes  No  If Yes, why?.....  
 .....

12. Approximately what percentage of management time is devoted to the Co-operative, social, community, ethical and democratic dimensions.....%

13. Does your Society get involved in community activities? Yes  No   
 If yes, roughly how many per year?.....  
 Please name a few.....

14. Are these community activities: A waste of time  Allow staff to blow off steam   
 Detracts from its core activities of the business  Is one of the core activities

15. Do you think that social and ethical projects are:  
 a. No more than of marginal importance and take up virtually no time?   
 b. A significant amount of managerial and employee time wasted   
 c. Account for a significant amount of time and is worth every penny

16. Do you think that the Co-op's claim to be "different" from other types of business is: Real  Imaging  Once true but no more   
Please justify your answer.....
17. Are you a member of the Society? Yes  No  How long? .....
18. Have you participated in the democratic affairs of the Society?  
Occasionally  Never  Frequently   
If you have never participated why not?.....  
If you have participated do you find the activities-  
Rewarding  Enjoyable  Boring  A waste of time.
19. Does the democratic structure of a Co-operative society have an impact on its activities? (1) It has a positive impact  (2) a negative impact  (3) no impact
20. Do the distinctive social and democratic elements of Co-operative identity distract from the main point of business activity - i.e. selling goods and services to people at competitive prices? Yes  No   
a. Or is the distinctive Co-operative identity an essential element in explaining what the Co-operative Movement is all about? Yes  No   
b. Could the Co-operative Movement's distinctive identity be highlighted as part of a competitive strategy? Yes  No
21. Does Co-operative culture have a discernible impact upon Co-operative employees? (Please tick)
- No
- Yes - they are more committed and focused
- Yes - it encourages staff loyalty and staff turnover is reduced.
- Yes - employees work more slowly and they are difficult to manage and motivate
22. Which of the following can have a positive effect upon employee productivity? (Please rank in order of importance with 1 = most important and 9 = least)

Team work and group activity	
Profit Sharing and financial incentives	
High morale	
A good working environment	
Personal and professional development	
Participation in decision making with feedback	
A clear identity of working for an ethical organisation	
Taylorism - Scientific management	
Modern human resource developments (i.e. HRM)	

23. How important is employee motivation to the success of the Co-operative Society?  
Very important  Of little importance  Of no importance.
24. If Co-operative culture has a positive or negative impact upon any of the above, please explain.....  
.....

33. Should the Society attempt to compete with the premier supermarket chains?  
 Yes  No   
 a. If yes, how? On price  On Quality  Through the creation of a distinctive shopping experience
34. Should the Society develop its service trades, for example, funeral trades, car hire, laundries, catering services and travel business? Yes  No   
 a. If yes are these: At best of marginal importance  An integral part of any strategy   
 b. What type of service trades should be developed?.....  
 .....
35. Have you heard of the Co-op foundation? Yes  No   
 If yes, do you know what it does Yes  No   
 If yes, have you ever applied for funding from the foundation? Yes  No
36. Would you like to know more about the work of the Co-op foundation profile?  
 Yes  No   
 (If yes - please contact [www.coop.co.uk](http://www.coop.co.uk) or phone 0161 493 4582)
37. What do you think should be done to raise the foundations profile?  
 a. Direct mail to your house Yes  No   
 b. Poster/leaflets in Co-op stores Yes  No   
 c. Other - please list.....
38. Do your staff development courses include sessions raising the awareness of the Co-operative difference, Co-operative culture and the Movement's distinct ethical stance? Yes  No   
 (a) If yes, what % of employees will typically benefit from such a course per year?.....%  
 (b) What proportion of your total number of employees will have undertaken one of these courses at some point?.....%
39. Did you receive an induction course when you first started working at the Co-operative? Yes  No   
 a. Did it include any discussion about the Co-op's history, form of ownership, organisation and values? Yes  No   
 b. Could you please mention any key points you remember.....  
 .....
- c. In terms of the total training presentation were these items relating to the Co-op difference a large part  A small part   
 d. Apart from induction have you ever received any follow up training which has covered these issues? Yes  No   
 e. If yes please describe.....  
 .....
- f. Could you please state the duration of these follow up training courses.....

25. When you tell friends where you work, what do you feel?  
 Pride  Embarrassment  Nothing - Its "just another job"   
 Please explain your answer.....

26. What are the main factors motivating you to work for the Co-op rather than one of its competitors? (Please rank in order of importance: 1 = most important)

Locality and convenience	
No other better offers	
Better remuneration	
A distinctive ethos	
Non-monetary benefits i.e. a family friendly policy	
Better promotion prospects	
An easy life	
Offered a career job for life	
The Co-op is a good employer	

27. Do you support the formation of strategic alliances between other Co-operatives?  
 Yes  No  If so, Regionally  Nationally  Internationally.

28. Should the Co-operative Movement see the Co-operative distinctiveness as a strategic competence and as a core competence? Yes  No   
 a. If so, how in your opinion might it be expressed in strategic form?.....  
 .....

29. Should the Co-operative Movement focus on convenience retailing as an additional "service" for its customers and members? Yes  No   
 a. Or should it concentrate upon the economies of scale and low prices that result from large supermarket stores? Yes  No

30. Should the Co-operative Movement follow the example of the Co-operative Bank and develop a stronger ethical stance? Yes  No   
 a. If so how?.....

31. What key developments do you see within the Co-operative Movement over next few years?  
 Within 5 years.....  
 .....  
 Within 10 years.....  
 .....  
 Within 15 years.....  
 .....

32. Could you describe your Society's target market?.....  
 .....  
 .....

40. Do you like working for the Co-op? Yes  No   
 a. Compared to other similar jobs? More  Less  About the same   
 b. Please explain your answer.....
41. Do you think you get paid more than in another similar job  Less  or about the same
42. Do you think your working conditions are better than in similar jobs  worse  about the same
43. Do you think your position in this retail society is safer than elsewhere  more at risk  about the same level of job security
44. Do you think the atmosphere at work is generally good  bad   
 better than other places you have worked  worse
45. Do you think there are communication channels between senior management and employees? Yes  No  What could improve these?.....  
 .....
46. In your experience do employees discuss aspects of Co-op culture and ethos with you? Yes  No  Or with each other? Yes  No
47. It would be helpful for comparative purposes if you could include the following:  
 Please remember all answers are given in the strictest confidence and will be seen by the academic research team only.  
 Age: 18-24  25-34  35-44  45-54  55-65   
 Gender: Male  Female   
 Job Title: .....  
 How many years have you worked for the Co-op? .....  
 Have you worked anywhere else ? Yes  No  If yes where?.....  
 .....  
 If so for how long? .....Years

**Thank you for completing this survey and assisting our research project. Please return in S.A.E. ( enclosed)**

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