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- How will the infrastructure deal with economic changes, developing cultures, security concerns, and environmental degradation?

This emerging infrastructure requires the development and education of a new kind of management, one that is value-based in an explicit way and one that appreciates the global and virtual nature of business and community in any enterprise. It requires a blending of rigorous managerial skills alongside an articulated and systemic model of co-operative governance that is in tune with the ongoing realities articulated above.

The creation of this infrastructure (senate?) involves reexamining the changing goals of the silo-based industries and the VANE (values, attitudes, needs and expectations) of the management system that handles it. What values are consistent with co-operative theory? Certainly, it would be a management based on cooperation rather than destructive competition; however, it must be a kind of co-operative model that understands the essentially competitive nature of the business enterprise.

Values form the culture, or if you would, the "personality" of a company/co-operative. They are the engine which drives the priorities as well as the entrance and exodus processes for members. In fact, the real values that govern any company are personal and individual. One cannot infer, in reality from articulated mission statements or company handbooks the reality of what is prized. Experience and trust are needed.

In order to determine what values need to govern any infrastructure, one needs to determine by both interview and analysis what is important to the members of the co-operative. If this is different than what is important to board members, and executives, a significant conflict will emerge and the co-operative silo will cease to be. Hence, a value-assessment is the first and necessary step in creating the Virtual Co-operative. The need to ascertain the lived-values (as opposed to articulated values) is a fact-based enterprise and not a blaming one. It will provide the database which will provide the entry point for change and conflict management. This is not to suggest that everyone must be homogenous in their worldview but it is to insist that the Person-Environment fit [$P=f(E)$] is sufficiently consistent to provide energy for forward movement rather than continuous conflict resolution.

One cannot separate values from motivation since it is our values that drive what we prioritize and focus on.

One would assume that co-operatives would be driven by a different set of values than ordinary for-profit organizations or other not-for-profit structures or why should they exist at all? This assumption can be challenged in some aspects because it really is the desire of the co-operative to achieve market dominance where its members individually can not.

Psychology has taught us that values tend to cluster around three concepts: Persons, Things, or Cognition. That is to say, they are driven by different models of importance: If existence precedes essence, then people are most important; the reverse is true if things precede people; for many in academia there appears to be an affinity to disembodied thought and ideas though these must eventually submit to residing in an agent or object. These differences suggest that there is a significant managerial issue here and a daunting one at that. How would the Virtual Co-operative model help with this?

Further, it is imperative that in a co-operative there must be an Economic Value Add (EVA) (Frances, Reimers, 2002), to the act of forming the co-operative. The EVA cannot be realized when the very nature of a co-operative is in jeopardy because the members of the co-operative are de facto in competition. This competition is both within and across silos as one crosses national and geographic boundaries. It is our basic contention that the intra-cooperation of the co-operative can be improved by the inter-cooperation of the co-operatives. Further, this inter-cooperation can be created on a global basis to bring together within the co-operatives, far flung members that can then internationalize the real meaning of a co-operative for the greater good of humankind.

What we are suggesting is that a Virtual Co-operative be formed that is at first, national or regional and then extended globally. The Virtual Co-operative is connected via the WEB and communications are no longer tied to a particular time or place but to common interest and common needs. The Virtual Co-operative is across all co-operatives that wish to participate and serves as a gate keeper to all the co-operatives equally. An interesting thought that arises is that with such a virtual co-operative the silos will break down and enable great strides in efficiency and production. To make the most of the Virtual Co-operative a mind set has to be introduced. The very nature of the 'virtual' will make the organization everywhere and every time accessible. Individuals with the co-operatives can be in contact at any time for any issue at any place.

The mind set is that one is never alone, that there is always someone there to discuss, to help, to listen. This

change in mind set will be the true EVA and primary driver for the establishment of the Virtual Co-operative. The key issues of such an infrastructure will be related to how well it supports specific co-operatives and enables cross co-operative activities. We believe that the value in such a Virtual Co-operative must be reflective of how it both enables the creation of an infrastructure and then supports change and growth.

The issue of infrastructure support

Infrastructure support is multifaceted. We must ask the questions from a value context.

1. Values are a function of organizational culture, which reside in the context of a regional culture, which in turn reside within a geographic culture. It is our contention that the success of an organizational culture is predicated on the organizations business success. That is to say that an organizational culture – read values- is NOT successful if it is not successful in the business sense. The overlay of a virtual co-operative will act to transmit values across the co-operative spectrum. Those values that contribute to success will be seen as not only important for a specific business but also allow for thoughtful consideration of those values within the context of other regional or geographic cultures.

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information is then used is a function of each management chain, each firm, and each co-operative. The Virtual Co-operative thus becomes the tool for management of the external environment, and making the results of that management available.

For the Virtual Co-operative to be successful all members within the business area who are in a co-operative must feel part of the Virtual Co-operative – this includes management, and employees. The Virtual Co-operative must cross national boundaries and governments. This should not be a political issue since it is not a competitive or political organization. It is simply a Communication Co-operative, with assets to stimulate learning, stimulate growth, and stimulate creativity and invention. It can represent a way for developing countries to take a jump up the economic ladder through the process of mentoring. Co-operatives in one geography can mentor similar co-operatives in other geographies. Co-operatives can form alliances based on needs for raw material and other factors of production. Co-operatives will be able to share values across geographic boundaries and enable developing countries to develop more quickly.

We cannot say often enough that the Virtual Co-operative is not meant to supplant the management of individual co-operatives or firms, it is meant to augment, to enhance, and to foster a new meaning to what is meant by the market. In this information age it can help to create a spirit of global cooperation within the context of individual freedoms and must be invariant as to its acceptance by variant governmental forms.

The form of the Virtual Co-operative

We have discussed what the Virtual Co-operative can bring to the whole concept of co-operatives. It can actualize the success of co-operatives so that they no longer are seeking relationships so as to survive within a market but seek relationships to grow individually in the market. The essence of how to accomplish this is simply to overlay the virtual co-operative over individual co-operatives as they exist today. Once this overlay is made, then the co-operatives on which it is overlaid are interconnected and receive the benefits discussed.

Where does this virtual co-operative exist? It exists within a Global Web. It becomes that central focus of all independent co-operatives. It is funded by the co-operatives and is in fact a co-operative. Its existence creates an organic model of co-operatives since each co-operative is independent, but yet understands its value within the global context. If co-operatives were

originally formed to balance the power of dominance within the market, now they are formed to create niches of their own dominance. With this new co-operative organization, there is in fact less value to the old global corporations. It is now possible to decentralize, reorganize, and achieve greater levels of growth and creativity than before.

In summary, the Virtual Co-operative is the mind of all the traditional co-operatives. It is the source of answers that could not be gotten with out great expense to each co-operative, it is the source of

are now able to cross link to other co-operatives on a continuing basis, to not only to increase dominance in national market but international and global as well. The virtual space will enable linkages to complementary products that will widen the product scope of all co-operatives. In the case of a farmers co-operative in the United Kingdom, it can link to a farmers co-operative in the United States and cross sell products without belonging to a large international company. Artist co-operatives can globally link to exchange ideas on new techniques, metal smiths can do the same and produce products for other regions based on regional interests. Additional characteristics of the Virtual Co-operative will enable bidding on government/international contracts because co-operatives can link and gain the power of any global company.

The essence of the Virtual Co-operative is availability and the forging of relationships, while maintaining independence within a region or a geography. We believe that the Virtual Co-operative has the power to change the definition of 'market dominance'. Market dominance is only possible when we think of the market as a single space. Cut that space up into niches and we create the capability of niche dominance. The niches, however, have to be linked to piece together the 'quilt' of this new market place, and this is the function of the Virtual Co-operative. In this case niches will be regional with linked regional co-operatives but then cross linked to other regional co-operatives as well as complementary co-operatives. We believe that in the 'global context' the old definition of market dominance will cease, and the new definition of a quilt of niches will create a superior market for the service of all humanity.

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Abstract

The agricultural co-operative system plays an important role in Spain and Europe, it represents an important part of the agricultural sector. However, the current agriculture situation forces them to change their traditional management systems. Issues such as agricultural surpluses, less protectionism in the CAP, the loss of agricultural turnovers, the great concentration of the agrifood distribution companies, the increasing concern for environmental issues and food health, the increasing consumption of "processed products", etc., generate new challenges for co-operatives.

Consequently, co-operatives must promote more efficiently new ways of producing, looking for quality and respect to the environment, but at the same time trying to meet the new demands of consumers.

Key words

Agriculture, Co-operative, Consumer, European Union, Management, Supply Chain

1. Introduction

Agricultural Associations present a long tradition in Spain. At the beginning of the 20th century, they were present in many important sectors, with the Agricultural Catholic Unions.

During the period previous to our civil war, the agricultural association movement created several regional and national organisations. Later, the movement was mainly based on co-operatives and on the so called colonisation union groups, which subsequently gave rise to the Agricultural Processing Societies (APS).

Co-operatives, which constitute the most highly developed associative form, had in the eighties some regulations which strongly contributed to restructure the agrifood sector and to create representative organisations, through the Co-operative Territorial Unions (UTECO) and the National Co-operative Union; their social evolution was important, since in the seventies, most farmers were associated to co-

operative societies. At the same time, from a managerial point of view, it was not a developed co-operative system. This becomes evident from their limited financial size relative to the Spanish economy of those years, and in comparison with the share capital of other European agricultural co-operatives .

This situation changed in the eighties as Spanish agricultural co-operatives became a significant force as a consequence of their approach to the European

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As for the organisational models, we also find considerable diversity. So, there are countries with complex and widespread organisations, representative of co-operatives, such as territorial organisations (Regional Confederations), organisations related to particular sectors (Fruit and Vegetables Producer Confederations, etc.), or organisations with a great inter-sectorial development. Beyond any doubt, the member country that best represents this complex model is France, which has a very solid co-operative system, from an entrepreneurial point of view, with a very well organised structure. The territorial model has prevailed in most of the countries where regions and

communities have political importance, such as Spain, Germany or Belgium, while in other countries such as Holland and Ireland, the different sectors representation is by group of products.

In some countries, the affiliation or ideological and confessional closeness has also created another form of organisational grouping, such as the Italian and Belgian

whilst the latter face increasing competition in price and range from their competitors. On the other hand, the prospects of producers do not improve if we take into account that the concentration processes of these companies (mergers, take-overs, partnerships, etc...) are expected to increase. Thus, as can be observed in fig. 1, in contrast with 1991, when the main 5 European distribution companies were responsible for 15.8 % of sales, they may go on to control 40 % of sales by 2005.

Another factor to be considered is the evolution of consumer tastes, as far as it has been the cause of many of the decisions taken by distributors, and which invariably affect agricultural producers. Indeed, factors such as the entrance of women within the work market, the existence of ever more frequent one-member families, the disappearance of family meals (each member eats at different hours), or the increase in eating out, have caused the increase of phenomena such as "snacking", as well as the consumption of "service food", that is, those products which need little preparation, and specially pre-cooked dishes. Thus, the results published by the Ministry of Agriculture, Fishing and Food (MAPA, 2000), from a study carried out on a

The impact of these new challenges for agriculture and the European co-operative system requires inevitably increased efficiency in co-operative organisations. Co-operatives must consolidate those elements that constitute the competitive variables in a global and open market like the present one. The need for management development to manage the increased scale and complexity is clear. The global and changing agenda within the institutional framework make it desirable for the concentration processes in the field of agrarian cooperativism to continue. This will enable their organisations to reduce costs and access the requested scale economies, making them more competitive.

At the same time, due to their greater size, the financing possibilities will increase and with them their investing power, which will allow them to introduce technological advances, as well as taking on new processes of industrialisation with which to seize added values. The differentiation through adequate framework policies, the launching of new and attractive ways of presenting products and, in general, the offer of products which are set apart by their quality, are a priority when trying to maintain customer fidelity. These aspects also give customers an image of seriousness and optimal service. This course of action will enable cooperative societies to recover/strengthen their good image regarding their clients and, of course, their members. We must remember that these societies have received continuous accusations of being extremely dependent of grants and also of lack of efficiency.

Regaining their good image in some countries is one of the main challenges the sector of cooperative societies is facing because in many cases the power to attract new members or the access to certain clients and markets depends on this factor. To achieve this it is absolutely necessary for members to understand that the market isn't capable of absorbing all kinds of produce, and also that production must be part of an integral plan designed by the cooperative society which takes into account the requirements of consumers and the global commercial strategy of the society. Obviously this policy must be followed by an adequate innovation in other important areas within the business: marketing strategy, management of human resources, financial, R+D and administrative resources, information systems which link members and the cooperative society, etc.

On the other hand the constant reduction of income which producers have been suffering in recent years has caused members to be more demanding of their

cooperative societies. Members require a defined and precise marketing strategy which guarantees the commercial success of their products. In this sense it is a fact that members tend to judge their societies on the basis of their efficiency more than its traditional social utility. As a consequence, it is desirable that cooperative societies embark on business initiatives to add to the income from strictly agricultural activities. Having started as supplementary activities, the exploitation of the credit departments, petrol stations, management of rural tourism have become significant activities of many societies contributing important additional income streams for agricultural producers.

... (... , 1997).

The growing concern for environmental and food safety issues make it necessary for members of cooperative societies to become aware of these concerns before trying to implement measures to ensure environmentally-friendly agriculture. It is the task of each society to ensure its members are kept informed on these subjects. Societies must also guarantee the safety of the foods they produce. The guidelines for these areas have been published in the White Book on food safety presented by the European commission in January 2000.

The need to assure the safety of the consumption of agrarian products and foods makes it necessary to guarantee the traceability of these products. These measures will require the opening of adequate information channels between members and their society, which will make it necessary to maintain a bi-directional information flow with the required periodicity and in an efficient manner. This will make it possible to obtain reliable information on the origin of products, as well as the treatments they have gone through, both in fresh products and processed products. In this sense, as it has been outlined by the Confederation of Agrarian Cooperative Societies of Spain (CCAIE) in their White Book on agriculture and rural development of the MAPA. Cooperative societies have competitive advantages compared with other food industries due to their closer links with agrarian production.

Cooperative societies come through as a business formula with enormous possibilities when it comes to meeting the challenges which all agricultural businesses without exception confront today. The

of views of the globalization thesis' advocates with those set by the Dual Economy School on the evolution of industrial activities. Drawing upon empirical documentation from the industrial and political economy the researcher suggests that:

- 1) globalization forces (i.e. Transnational Corporations or FDIs⁷, and trade to developing countries) have not changed dramatically in terms of conduct, direction, and levels of trade, they are thus not uncontrolled, but supported by actions provided by national Governments and global strategic collusion practices, and,

for research exploring the potential for associational, mutual and co-operative organisations, to assist in preventing oligopolistic distortions of the market and to facilitate greater levels of distributive justice and market leverage for employees, consumers and small and medium sized enterprises.

2. Globalization thesis in context

“Globalization” appears to be a very misleading concept. Although press or electronic mass media use it as if it was an almost universal term, yet it appears to convey various meanings in different countries, societies, ideologies, regions or disciplines. A serviceable general definition has been suggested as: “The loose combination of free trade agreements, the Internet and the integration of financial markets that is erasing borders and uniting the world into a single lucrative, but brutally competitive, market place” (Friedman, 1996).

From the Dual Economy perspective such a definition obscures more than it explains. Dual economists argue that globalization is a “relative”-context-specific – concept, with several dimensions and differentiated economic, industrial and social repercussions (see for example Dicken, Peck & Tickell, 1997). In the industrial settings understanding becomes more confused. What then is talked about as globalization is “lucrative” for a few industrial and political actors integrated in the core economy¹², whilst “brutally competitive” for those involved in the periphery sector of the economy¹³. According to the Dual Economy School the vagueness surrounding definitions used by the free-market globalization proponents is due to the fact that the areas of competition and collusion, and cooperation are ignored¹⁴. The structure of markets and firms’ relative positions are also ignored and Dual Economy scholars argue that such “descriptive” definitions give no indication of the causation beyond “market forces” other than markets are themselves a dynamic of “supply” and “demand”. The ns ord2ss0 and-l3.,b e ns ord2sand “(s2.2” and “demandn7rs6.”. The ns ordc74. Dual)Tjtor

given economy, market or industry. Can co-operatives intervene in the non-planned sector and create a coordinated response derived from a combination of human centred economic and social objectives providing greater leverage in the market economy? This represents an intriguing prospect from both a dual economy and free-market perspective that I shall return to in Section 5.

I now turn to investigate some conceptual and methodological tools used by mainstream free-market economists in order to define " globalization", determine its intensity, and consider its impact on industrial and social order. In the absence of a systematic and comprehensive description of globalization – beyond viewing it as a market phenomenon – a range of indicators has been developed over the last few decades aiming at simplifying its conceptualization (see for instance Hirst and Thompson, 1996 or Wallerstein, 1991). One popular key indicator measuring the degree of global activities in economic terms, is the ratio of exports or imports to GDP and, another, the outwards or inwards foreign direct investments, assumed realized through the international workings of the Transnational Corporations. In 1997, for example, about 40% of all US imports were accounted for by the American based multinationals and another 30% by imports by American based branches of foreign owned multinationals (Prior, Frederick, 2001b, p. 302). Based on such indicators the free-market advocates of the globalization thesis subsequently argue that capital concentration is in the hands of a few TNCs and national states are incapable of affecting global investments' direction for the benefit of secondary economies, industries, and societies (see for instance Ohmae, 1993).

Indeed, evidence on the OECD countries indicates that exports' ratio to GDP increased from 9.5 per cent in 1960 to 20.5 per cent by the end of 1990. In the same region, as Wade (1996) indicates, in the 1980s, Foreign Direct Investments' flows grew three times faster than trade flows and four times faster than output. According to UNCTAD (1995), by the mid-90s there were approximately 40,000 parent firms, with 250,000 foreign affiliates operating around the world economy. Two years before, the New Internationalist (1993) indicated that in the early 90's combined sales of the world's largest 350 TNCs were equivalent to about one third of the combined GNPs of the industrial capitalist countries. The UNCTAD (1994): World Investment Report provides further data as regards the extent of intra-firm trade movements with intra-parents company trade as totaled to nearly one- third of the

entire world trade. Giddens (1994) also detects an increase in the concentrated economic world power in the hands of the top TNCs between the mid-70s and the 90s, with the top 200 transnational corporations' revenues increased tenfold.

In 2000, more than 60,000 TNCs owned over 820,000 affiliates abroad, with approximately 55 countries hosting more than 1,000 foreign affiliates, and with a value of FDI stock of over \$6 trillion (World Investment Report (WIR) 2001, p. 9). In 1999 and 2000, FDIs -measured either by assets, sales, trade or employment of foreign affiliates- rose more rapidly

these scholars' examination of the development patterns of the new industrial countries of East Asia (i.e. Hong Kong, Singapore, South Korea and Taiwan) suggests that, beyond factors such as geographical proximity or high levels of aid and accessibility to the US market, the effectiveness of state intervention was crucial for their subsequent economic success.

The neo-liberals' assumption that foreign capital dominates the Third World countries' trade composition has been challenged by a considerable number of authors. For example, Jenkins (1987) detects that local capital as a proportion used for exports, equals foreign capital use. White (1988) and Kiely (1994) clearly suggest that South Korea and Taiwan economic effectiveness has been largely based on local capital and state alliances. Schiffer (1991) also confirms the state's crucial role, this time in the case of Hong Kong's economic growth through subsidies.

From the discussion above, it becomes obvious that insofar TNCs do not trade in all parts of the world. Consequently, the neo-liberals' assumption that TNCs marketing strategies "penetrate simultaneously the worlds major markets with new and updated products" (Amin, 1992) appears to be highly problematic with its accuracy dependant on how the word major is defined? Young and Hamill (1992) detected that product markets showed a highly diversified picture also.

In turning to examine neo-liberals' claims about homogeneous patterns of FDIs' development due to new technology and labour flexibility reasons, the evidence we are faced with is not at all straightforward. Indeed, statistics have now been accumulated which suggest that labour flexibility associated with high technology may not have the desired effect in every location

small and medium enterprises and the failure of the enterprise culture strategy to generate decent work suggest that "If present trends continue unchecked the greatest threat we face is instability arising from growing inequalities". (ILO, 2000, p. 5)

4. Conclusions

The evidence suggests that the neo-liberals' claims about homogeneous developments in global industrial organization are flawed. In the preceding sections we have reviewed a sample of neo-liberals' claims on global business trends in juxtaposition with empirical results drawn from a number of studies developed within the context of the Dual Economy perspective. Although in the narrow context of this paper I have not captured all aspects considered within the Dual Economy framework of analysis, nor have I overviewed documentation on all aspects of TNCs strategic patterns, it is yet important to have shown the disparity of business responses to global changes and the growing polarisation in economic development and activity in both industrial and geographical terms.

Whilst noting government's continued role in shaping and occasionally determining such business strategic choices, nevertheless, there is little evidence to suggest that in the political environment of privatisation and deregulation in the post Reagan and Thatcher context the role of the state has greatly enhanced either welfare in labour market or consumer market terms. In addition there remains a heavy tax burden falling on middle income wage workers and cut backs in government funding for the public sector, sometimes cosmetically hidden by public / private sector partnerships that arguably have hit the poor. We suggest that the extension of private at the expense of public economic activity has done little to prevent increased indebtedness by households or to improve the quality of the experience in the labour market where large amounts of unpaid overtime, atypical employment, and stress prevail. Research by UK Health and Safety Executive, Work Related Stress, 13th Dec. 2002 indicates, for example, that in Britain the number of days lost through stress related illness has risen from 6.5 million in 1996 to 13.5 million in 2001. (Personnel Today, 14.01.03, p. 1e stSflawed. Ib(n05 qudprove lly hi7Abl,e context of the Dtion cuti Health relhe 20ml605ber of da1re la minhas risen6nomic

on the performance of the market from the perspective of the small micro business or from workers and consumers standpoints except in so far as monopolistic versus competitive implications may be deduced at the theoretical level.

5. Recommendations: towards transforming industrial structure in the secondary economy by co-operative strategies

We raised earlier the hypothesis that even in the case of high levels of concentration the existence of co-operative and other membership based business may create real competition. With a people centred service delivery focus and rational in industries they operate with different ownership structures and different missions and values. Thus inserting a genuinely beneficial competitive element into the market (beneficial to their members be they micro businesses, farmers, consumers and/or workers etc). (Davis, 1994)

To give a contemporary example let us look at the co-operative case study within the British retail-banking sector in the UK. (Davis, 1999) This sector is highly concentrated even allowing for the probable decrease in concentration caused by deregulation and the privatisation of Building Societies in the last thirty years. Six big banks dominate by market share. Their collective decision to charge their customers for use of their ATMs was sent into retreat following the refusal of the Co-operative Bank (share under 4% of the retail market) and the biggest remaining building society – the Nationwide to follow suit. In fact they both made a very public stance offering free ATM use to non-customers as well as to their customers. Today the overwhelming majority of ATMs in the UK do not carry a charge. How much money has the existence of competition from the mutual sector saved consumers in the UK in this one example? In fact the Co-operative Bank also innovated by being the first UK bank to abolish bank charges on current account and to offer interest on current account. It also provided the first UK charge-free for life guarantee on its gold card. (Davis, 1999)

It would be surprising if this proved to be an isolated example given that the co-operative movement is a

3. For an overview of Neoliberalisms sovereignty in global political thinking from a historical perspective, see George, S. (1999).
4. F.N.: See for example the *World Development Report*, (2002), Experts Meeting on Improving the Competitiveness of SMEs through Enhancing Productive Capacity, Geneva, 23-30 Oct., TD/B/COM.3/EM.16/2/03 Dec.2002, p. 4.
5. F.N.: For evidence on this issue, see for example the statistics in UNCTAD *2001*, Table 1 (Value and Share of Developing Countries to International Trade Exports in Total Exports).
6. See the pioneering work of Polanyi, 1957.
7. F.N.: FDIs stands for Foreign Direct Investments.
8. F.N. Some of the advantages resulting for all sizes and types of businesses and countries wishing to attract FDIs from the agglomeration of resources and capabilities have been suggested also by the mainstream industrial theory; see for example Dunning, 1993, 2000).
9. F.N. WTO stands for the World Trade Organization.
10. F.N.: GATT stands for the General Agreement on Tariffs and Trade.
11. F.N.: "It is not only to create more trade volume. It's about the distribution and quality of the trade that we are talking about" Dr Supachai Panitchpakdi quoted in *World Development*, Autumn, 2002, p. 12. (World Development Movement)
12. According to several authors, see for example Garrett, 2000, even in the advanced counties a few actors are benefited from globalization. In this view, globalization is considered as leading to increased insecurity in the workplace, especially high for manual workers and employees in small firms.
13. For an extensive discussion on the matter see Hymer (1972; 1975).
14. For more information see Averitt (1968).
15. See for example Levitt's paper on the globalization of markets (1983).
16. For more information on the way the free-market perspective views consumers' position in the new global economic order, see for example Ohmae's comments in: Ohmae (1995).
17. See for example Munkirs & Knoelder (1987).
18. See for example Wade's prohibited factors (i.e. sunk-costs) to the extreme production transferability or/and his interpretations as regards barriers against financial mobility in Wade (1996): pp. 80-81 & 73-74 respectively.
19. UNCTAD, *World Development Report*, (1995), p.12.
20. See for instance UNCTAD / Erasmus University database cited in *World Investment Report*, 1998.
21. See for example Glyn, A. & Sutcliffe, B. (1992): pp. 90-1.
22. For more information see, Hirst & Thompson

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As it happened, public discussion, and evidence/memoranda sent to the Committee raised much wider issues of corporate governance than would be expected by the relatively narrow brief. Public discussion seemed to regard the status of the Cadbury Committee as that of a governmental committee of enquiry. The then government (Conservative) did send DTI observers to the committee's meetings. As will be seen, the incoming Labour Government also took "Cadbury" seriously, albeit in the context of combined codes, using ideas from the other Committees, discussed below.

(1)

Lord Nolan's Committee on Standards in Public Life examined the governance of publicly funded bodies, and twenty year earlier, the Bullock Committee (1977) reported on the then equally topical issue of industrial democracy, recommending that employees and shareholders should have equal representation on company boards and that these directors should then appoint additional independent members. (These recommendations did not take effect, as already seen.)

The Nolan Committee's report occupied two volumes, and issued a code of practise.

The Greenbury Report (1995) focussed on directors' remuneration. Sir Richard Greenbury, director of Marks & Spencer, chaired a committee that reported in July 1995. The Report noted that most quoted companies had established remuneration committees. It issued a Code of Best Practice.

A main recommendation was that

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etc. Codes of practice, like stakeholder theories, have their critics, and in general, their practical value has yet to be proved.

General criticisms of codes may be made with a view to improving them:

T. J.

1. They inform people of what is expected of them
2. They give guidance on how it can be done
3. They express values that many participants aspire

We use technology efficiently. We do not over-spend on our computer and technology systems. We evaluate each investment and ensure that it can provide a return on the investment. This investment has to be managed properly, to ensure that it is helpful and not a burden to our business.

We are the only cooperative in our insurance market. We are therefore able to communicate and convince our customers that their interest is served better by putting their money with a cooperative that will take better care of their welfare and future. Many choose us, instead of our competitors. With our strong customer base we face the future with confidence.

Serving co-operatives in the region

We have acquired certain capabilities that may be of interest to Co-operatives in other parts of Asia and the world and we are reaching out to co-operatives in other markets to work together. In particular we offer:

- our use of the internet as a communication tool and as a platform to handle transactions.
- our ability to market the advantage of cooperatives in a competitive environment.
- our ability to provide various types of insurance protection to a large number of ordinary people at lower cost.

We are keen to collaborate with cooperatives in offering the insurance plans to their members. We already have a partnership with the Credit Union League of the Republic of China (Taiwan). Their members are able to obtain life and savings plans, based on the co-operative insurance principle.

We are developing a web-based accounting system. This is expected to be ready in 2003. It is an integrated system that can be used by co-operative societies to keep their accounting records, including the savings and loan accounts of their members. It can be web-based, and offer the advantage of access to a central database from many locations.

Conclusion

Cooperatives can face the future confidently, if we are efficient and are able to serve our members well. There is a place for efficient cooperatives in our uncertain and volatile economy. Ordinary people need cooperatives to look after their welfare and future.

Challenge 3: to enable our members to
share in the success of their Society

salary scheme, although the cost has increased significantly.

- d. Security of Employment – This area is of paramount importance to employees at all levels. Even when we have closed unprofitable and unrecoverable shop units, we have re-deployed our staff elsewhere and avoided redundancies wherever possible, unlike most of our competitors, who, in similar circumstances, would simply wield the axe indiscriminately.

Our trading success has helped to create an extremely strong financial foundation for the Society, creating much greater security of

Atlantic Tender Beef Classic: The Co-operative Atlantic Strategy – competing through quality



I was Vice-President Food and General Merchandise when we first devised the Atlantic Tender Beef Classic project. Our commitment from the beginning is to the delivery of top quality beef to our member/customers on a consistent basis backed by our tenderness guarantee or we will return to the customer double the price. We made our first promotion back in February, 2000 at our stores in New Brunswick and Prince Edward Island. This included point of sales materials and cooking instructions on every package in addition to our tenderness guarantee.

What we were attempting in this project was competitive advantage through customer satisfaction. Our methodology was to forge a supply chain partnership for customer-led product development. It meant us getting close to our customers and then getting closer to our farmer, processor and carrier suppliers. We wanted to ensure we gained access to improved produce delivered at consistent standards exclusively to our stores.

By adopting a brand and building strong relationships with local producers we have achieved an exclusive high quality brand for our stores which lives up to the claim:

“Locally Grown, High Quality, Tender Beef, Only at the Co-op”

In the development of this project up to the delivery of Atlantic Tender Beef Classic across Co-op Atlantic's Co-op Conventional and Co-op Basic stores we met and had to over-come many challenges. At all stages in the supply chain we have faced tough competitive manoeuvring by our rivals who have tried to disable our capacity to source the product at all. This is essentially a success story but one with lessons to be learnt. As with all dynamic competitive contexts it is a success that is still facing challenges. Having identified the goals let me concentrate on the lessons we have drawn from the experience.

1. Managing sources

Some of the more painful lessons arose for us from the business we placed with a private sector meat processing company. Doing business with private sector firms is often a good way to leverage capacity

and specialist resources but the contract must be a secure one which can remain binding given any sudden change in ownership. Otherwise, as in our case, a change in ownership on the private side of the partnership can end in the loss of a key partner and to incurring added costs as you avoid interruption in supply whilst maintaining quality. When the company that provided our local abattoir facility was sold to a large competitor the latter was able to discontinue their involvement in the brand. This caused us a serious problem as the competitors action denied us any local processing capacity for the beef. In the interim we are being forced to truck live cattle about 900 miles to another processor. This is not sustainable, as we have to subsidize the freight. It also raises issues of animal welfare.

We are in negotiations with producers and government to build a new beef processing plant. This is, however, a slow and laborious process which we are far from being at the end of the road as yet. Another potential pitfall of partnership with a private company is the quality of industrial relationships in the suppliers business. It is part of co-operative philosophy to engage positively and constructively with trade unions and to maintain good relations. This cannot be taken for granted when working with private sector firms. A lock-out following a rejection of the offered new contract by 67% of union members caused us serious problems in finding alternative suppliers at short notice. The goal of local sourcing for fresh food and reducing the miles food travels on its route to the table has important quality and environmental consequences in addition to the obvious economic benefits. We believe that notwithstanding the unexpected costs this strategy is already paying dividends.

In Canada as in many other countries the external regulation and monitoring of the food industry is substantial. Complex issues of pricing and discounting can become a concern not just for the supplier and retailer but also, due to the wider economic, social and environmental impact, for the relevant government regulatory authorities. The government needs to be recognised as a stakeholder and a working partner in the process. In the long-run it must be better for co-operatives to embrace this reality and plan their

supplier relationships to be inclusive of government and its' programmes and policy goals than to try to get around them or ignore them.

2. Organisational, management and staff development

Delivery of quality produce to customers can create challenges in terms of internal organisational and management development. Quality produce needs quality merchandising in terms of good presentation, labelling and shelf management etc. In a store format such as Co-op Basic that has an emphasis on value as well as quality getting the price right is also all-important if our customers are going to part with hard earned dollars. There is no question that the aspiration to provide top quality branded produce at affordable prices is a core strategic goal for co-operative retailing. Charging the same price across our different store formats represented a commitment to ensure access to top quality for all our customers. The understanding and commitment of line management and staff cannot be taken for granted in the delivery of this goal. Quality procurement can easily be degraded without the retail teams willingness and competence to comply with the terms of the programme.

3. Relationship management

If employee relationships need careful preparation and continuous management in the maintenance of quality and service, supplier relationships are equally important. Our experience of partnerships with the beef producers, processors and carriers while not fractious is not all love and affection either. At its basest we see them as shortsighted and selfish, and they see us as greedy and profiting from the sweat off their backs. These sentiments don't often rise up but when they do it has to be dealt with delicately. Transparency, regular monitoring and communication and a real effort to ensure mutuality are vital for the maintenance of supplier relationships. Without a shared reward we cannot expect a shared commitment. Building trust, mutual respect and understanding plus the commitment to deliver requires a big investment by management. Without it we cannot achieve and maintain the quality our retail customer expects.

animal for quality beef production. This meant we had to ensure a consistency in weight and quality across a production programme covering the raising of some 30,000 cattle per year. Co-op Atlantic's key partnerships in this supply chain included:

- Maritime Beef Development and Marketing Group Inc.
- Atlantic meat Processors
- Maritime Beef Producers
- Three Departments of Agriculture and Marketing, and,
- Office of the Secretary of State (Rural development), Nova Scotia.

Without the support of the Agricultural Department it is unlikely that the co-operation of cattle producers would have been forthcoming. What the Co-op Atlantic initiative has achieved is the establishment of a co-operative led partnership on behalf of the consumer. It is a partnership embracing private and public sectors in a beef research and development programme. In the event we have achieved an outstanding and unprecedented level of collaboration for the food industry in this region of Canada.

Conclusions

The value added is obvious. It has provided a product consumers want that gives Co-op Atlantic a clear competitive advantage as it is a branded product that sells exclusively through our stores. But it is a win – win situation for retailer and producer alike. This is summed up by Robert Acton who as President of the New Brunswick Cattle Producers said of the impact of the Atlantic Tender Beef Classic project. "It creates a firmer market for producers and packers and increased sales for retailers. Most importantly it proves to consumers that we can produce beef as good as or better here in the Maritimes than in the rest of Canada." As Co-op Atlantic is a co-operative business owned by its customers the economic, social and quality value-added generated by our co-operative goes to them as members/customers both directly and indirectly. Service to member/customer needs and interests and that of their community remains the core purpose of Co-op Atlantic.

Looking at our experience from a global and strategic perspective for co-operative retailing, I think the lessons are clear.

1. We can compete with the best if we emphasise product innovation and quality.

2. We can only do this by sticking closely to our customer / member needs and constantly monitoring their opinion as to how well we are doing.
3. Strategic alliances through partnerships with private and public sectors are essential to leveraging the necessary resources but they require careful planning and selection of the right partners.
4. In terms of the supply chain we can see that engaging in close relationships with the appropriate regulative authorities takes patience but pays off in the long run. Relationship management with our managers, employees, suppliers, carriers and customers equally requires careful and continuous attention.
5. We need to communicate our vision but equally to pay attention to the detail. All aspects of the research and development, production, storage and distribution must be our concern as ethical, socially responsible and quality led retailers. We owe it to inform and to listen to our customers/members and to give them the assurance of a brand professionally supported and vigilantly maintained.
6. All the partner relationships with the Co-operative must (within the bounds of commercial prudence and the environmental realities) emphasis transparency and clarity in communication, and a commitment to trading, employment, trade union and member relationships that leads to a win – win situation between all the parties.
7. Without this win-win context right across the supply chain quality in all its aspects is unsustainable in the long run and we will not be able to maintain our commitment to our members /customers.

We are continuing up our own learning curve as the Atlantic Tender Beef Classic project continues towards maturity and we look for our next customer led innovation. That the learning so far has had significant impact on the standards in our business is best illustrated by the recognition we have achieved in the industry by winning the National Private Label Award given by the food industry in 2002 at the annual Canadian Council of Grocery Distribution Convention. A proud moment indeed for Co-op Atlantic.

The purpose of this research is to improve selection methods. For the cooperative sector in order to be able to recruit ideal executive managers whose attitude and values match the values and purposes espoused by the Co-operative Enterprise. A Co-operative is an autonomous association of persons united voluntarily to meet their common economic and social needs through a jointly owned democratically controlled enterprise which came into existence as a consequence of the Industrial Revolution. Its roots are in the 19th Century and can be found primarily in England, France, Ireland and Germany. The founder of this movement is 'Robert Owen', a successful Welsh 19th Century industrialist who established in New Lanark, a model factory system that provided free education and model housing for workers and their children. Owen went on to found self-sufficient communities run nominally on democratic principles with collective ownership of the assets.

The movement Owen founded has experienced many developments as it expanded across the globe. Today cooperative enterprises provide services in almost all countries and are of major significance in a number of areas of economic activity. For example, in 1993 in the European Union, Austria, Finland and Sweden 14 million people belonged to agricultural co-operatives which supplied 55% of their inputs and marketed 60% of output. In Japan marketing co-operatives handle 95% of rice and 90% of fisheries output while in India, the Anand co-operative with its six million members is the largest national dairy supplier. In the UK the co-operative is the biggest farmer, second biggest travel agent and second biggest provider of funeral services and has a substantial presence in the financial sector. Despite, its growth and past success, recently, the movement world-wide has been faced with three persistent problems.

Problems

The first problem is the lack of contact with the membership due to increasing size and complexity of co-operative business. The rise in 'globalization' of markets has led to an 'intensification of competition' (Davis, 1995:5-8). Such pressures have already caused co-operatives in many areas to increase their sizes in to keep up with the geometric growth of the transnational corporation and enter into trading partnership in order

to achieve similar economies and quality gains in their own operation. The new terms of trade and scale of operations create more complex and high-risk business decision making than co-operative boards have ever faced in the past. As co-operatives get bigger and more complex, the sense of ownership and loyalty to the co-operative community becomes harder to maintain and in some areas member involvement has disappeared. Distances between leaders and members creates a sense of 'alienation' and apathy from the co-operative membership towards their organisation and a growing dependency on top management which has led many to fear that managerialism has replaced democracy.

The second problem linked to the first problem is that finding their identity under new conditions. There has been evidence of 'demutualisation' suggesting a betrayal of the mutual building societies who managers were able to buy off an already nominal membership with what were small sums of money being disgracefully drawn out of reserves that had been accumulated through mutual trading. This leads to the third problem and the core of this research to find professional managers to deliver growth, investment, innovation and good governance. This is the key issue for co-operatives. Providing senior executive recruitment and development that enhances the professional leadership of the co-operative. The need for an ideal CEO has been a major issue since the 80s. Laidlaw (1980:68) stated that 'it is not too much to say that the quality of Co-operatives will depend on whether they are first class leaders are leading them.' Today such leadership effectively resides in the CEO. Our ideal co-operative CEO will be able to:

- combine technical competence with an understanding and commitment to the co-operative mission and membership, and,
- has the qualities of leadership to combine the two in a realistic response to both the threats and opportunities that are identified.

My research aims to explore whether 'Psychometric Testing' would d,udsporal co-operat88880u(fjT0.0leod bplore -)Tjta

Psychometric testing and ideal characteristics of co-operative executives

A recent survey of human resource practices and priorities showed that from the viewpoint of Chief Executives and Senior Line Managers the most important task for the HR function today and in the year 2000 is the 'identification of those with high potential'. For this instance, employers are looking at 'traits', as they believe that they are good predictors of candidate's future performance. Traits are characteristics of 'how' candidates operate in life, behave toward others, and view themselves in light of their surroundings. Traits in general consists of such personal characteristics as the individual's values, habits, behaviour, beliefs, perceptions, trustworthiness, and emotional orientation toward people and conditions, attitudes and sources of motivation (Cook, 1998). There are different variations of emphasis in psychometric testing from ability and aptitude tests to personality, integrity and attitude and values tests (Aiken, 1988), in the case of Co-operatives, where often members are distant from the real control of their cooperatives and even lacking in appropriate skills, the emphasis on 'integrity', 'attitudes' and 'values' may be the most appropriate one for our own test.

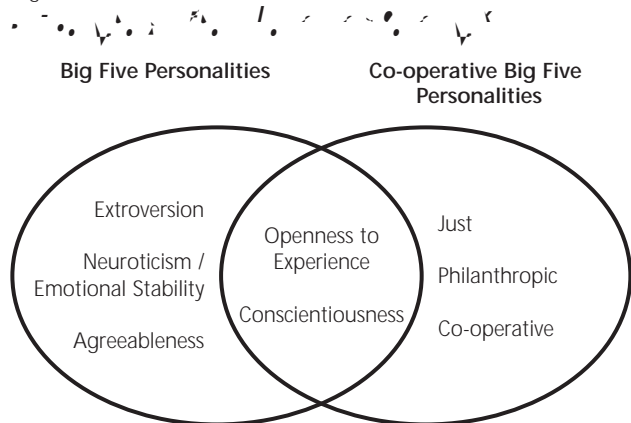
Psychometric tests have been one of the most popular methods of selection. They provide a standardised method for assessing and diagnosing individuals and provide such information more effectively than most other methods of assessment, for example, interview and observations. The 1990s have seen huge growth in the use of personality assessment within personnel selection practice and research studies designed to evaluate and explore the role of personality within personnel selection (e.g., Barrick and Mount: 1991, Frei & McDaniel:1997, Ones, Visweveran & Schmidt:1993, Salgado:1998, Tett, Jackson, & Rothstein, 1991).

The tests are being used by many organizations such as Whitbread, KPMG, American Express, Ford, BBC and many more. Psychometric testing has been widely used in the US and in many European countries, particularly Britain where the tests are used by up to 80 per cent of all organizations in recruitment for graduate and managerial vacancies (Keenan, 1995 cited in Herriot and Anderson, 1997:25). This shows that psychometric testing method are widely used and recognised within the commercial sector while, there appears to be little evidence of the proper development of these tests focusing on the Co-operative sector. Thus a central goal of the research is to invent one psychometric test

for the Co-operative Sector.

In 1987, Hough and Associates designed new inventories, mostly for the 'Big Five subtraits' of Costa and McCrae; 1) extroversion (being sociable, gregarious, assertive talkative and active); 2) neuroticism/ emotional stability (being anxious, depressed, angry, embarrassed, emotional, worried and insecure); 3) agreeableness (being curious, flexible, trusting, good-natured, cooperative, forgiving, soft-hearted and tolerant); 4) conscientiousness (dependability such as being careful, thorough, responsible, organised and planful), as well as hardworking, achievement-oriented and persevering, and 5) openness to experience (being imaginative, cultured, curious, original, board-minded, intelligent and artistically sensitive). I have used my literature research on cooperative history, movements and performances from historical documents, books, journals and so on, to reflect a combination with the Big Five Personalities framework. For co-operatives I have come up with 5 ideal types of characteristic which I believe that our great cooperative founders and leaders in the past and present all have in common. These characteristics are 1) Just, 2) Philanthropic, 3) Co-operative 4) Conscientiousness and 5) Openness to experience.

Figure 1



From the beginning, the examples of co-operative founders such as Robert Owen, Dr. William King, Vansittart Edward Neal, Alexander Laidlaw and Raffeisen suggest firmly that they are 1) People driven by a concern for helping the poor and social and economic justice, 2) inventive, 3) great thinkers, 4) strong willed and compassionate hearts. In these attitudes can be discerned our new traits, of, 'just' and 'philanthropic'. The rest shows that these leaders are great explorers in terms of theories, ideas and putting them into practice through their strong determination. Leaders should be



sector to increase or even to maintain its growth and performance effectively and sufficiently. Co-operative values and principles have been neglected and not thoroughly understood by all co-operative members, staff and worst, leaders and managers. There is great need for these principles and values to be upheld again and to find persons suitable as Co-operative leaders and managers. The next question is 'how can we find such person'? Without the right people coming through 'psychometric testing' as a tool to recruit our ideal co-operative leaders is useless. The development of recruitment and selection for the Co-operative sector is relatively poor in comparison to the commercial sector, in fact, co-operatives do not even have their own recruitment consultancies. Could this reflect the Co-operative sector's lack of awareness of the importance of the recruitment and selection process for performance? If this is the case, then generating our own 'Psychometric Testing' can be seen as the first step to raising awareness.

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15) Neale, Edward Vansittart (1810-1892) (Co-operative Union), UK – Christian Socialist, co-operative idealist, and General Secretary of the Co-operative Union,
16) Owen, Robert (1771-1858) (Address to the People of New Lanark) – ‘The Father of Co-operation’, of British Socialism and much else,
17) Pare, William (1805-1873) – Leading Owenite,
18) Plunkett, Sir Horace Curzon (1854-1932) (Agricultural Co-operation) – Pioneer of Agricultural Co-operation, UK and Ireland,
19) Poisson, E (French) (French Co-operative Union),
20) Raiffeisen, Fridrich Wilhelm (1818-1888) (GRE) – Originator of Co-operative Credit Unions in German,
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Managing as if Faith Mattered

Helen J. Alford, O.P. and Michael J. Naughton,
*Managing as if Faith Mattered. Christian Social
Principles*, University of Notre Dame Press,
00 , pp336. Paperback ISBN 0- 68-0346 -

The book

standards are a response to the "Why?" in business.

In calling for us to manage as if faith matters Alford and Naughton address us all – Christian and non-Christian – in the co-operative movement because faith reflects vision. Co-operatives that want to remain true to their identity and purpose need managers with a clear vision of the centrality of humanity and creation in their answer as to the why of co-operative business not just to the "how". This "why" is partly about market regulation. It is also about setting standards that facilitate managing as if faith matters across a wide canvass, in a pluralistic economy encompassing a variety of business forms and models. The co-operative presence is the route to establishing a market that genuinely reflects the human and creation centred economy which is economically, socially, environmentally and spiritually sustainable.

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Rediscovering the Co-operative Advantage

Johnston Birchall, *Rediscovering the Co-operative Advantage. Poverty Reduction through self-help*, ILO, Geneva, 003. ISBN 9 - - 3603-5

This is a thoughtful and challenging book with an analysis that goes well beyond its brief to focus on the role of co-operation in the pressing issue of poverty reduction. Birchall in fact offers significant insights into the development of co-operatives and community in general. The lessons and insights of the past form his starting point. Although Birchall does not state this explicitly, in his discussion on the background of the Rochdale pioneers we may note a possible distinction between the capacity for self-help among those who have become impoverished (such as the English handloom weavers of Rochdale) to those born into poverty without education or insight into their condition lacking even minimal resources. The author quotes Hans Munker approvingly to the effect that "It's misleading to say co-operatives have members. It is more correct to say members have their co-operatives". (p13) It may be primarily the former context that both writers have in mind. Earlier in the section, Birchall noted the dangers of too fast top down co-operative development pointed out by Laidlaw (p9) where bureaucracy rather than member education and autonomy became the key feature.

So should there be special programmes for the poor? Birchall sees arguments for and against. His excellent case studies suggest that the answer depends on

empirical circumstances and to prevailing technologies and markets rather than to a general theory. I wonder whether the ICA 1977 experts distinction cited by Birchall (p10), that co-operatives can make wealth but not redistribute wealth is important or even true. Wealth has a relative element – for to enrich one group previously in poverty relative to another is to redistribute power and reduce dependency. Those farmer co-operatives gaining leverage in the context of markets dominated by big wholesalers, processors and retailers in effect do redistribute wealth directly. The case of Americas Rural Electrification also shows where co-operatives have played a key role in poverty reduction through the provision of infrastructure. In the later case legislation and political support was a necessary pre-condition but the states role was to facilitate not implement or manage.

Johnston does link the anti-poverty struggle to the broader labour market and the ILO campaign for "Decent Work" focus on the working poor. The importance of Trade Union organisation in labour markets is referred to but not emphasised. I doubt, however, there is a better organisation than the Trade Unions for ensuring the participatory element of the working poor in anti poverty campaigns focused in the labour market. One significant gap in the analysis by Johnston Birchall that reflects a gap in the literature in general is any real discussion of the domestic economy as having a role in poverty elimination. Birchall does refer to the traditional focus upon women's lack of access to paid employment and ownership of farmland and makes a brief reference to pre co-operative formations. The implication of such traditional view that the domestic economy can only be marginal in anti poverty campaigns and that women's dominant position in the production of value added in this context is insignificant for combating poverty or raising the social and economic status of women has been challenged in (Davis P, Harekopia University, Athens, 2000).

One of the other strengths of Johnston Birchalls book is the wide range of excellent case studies and the commentaries he makes on them. From consumer co-ops in Russia, through women's agro tourism co-ops in Greece, to shoe shine boys in Uganda Birchall draws out the lessons and contexts for development of more effective anti poverty programmes. I particularly liked the case of the Bolivian water co-operative. The opportunity for co-operative alternatives to multinational domination of utilities is critical for the empowerment not just of marginalised impoverished communities but for the very independence of many small states. For example in the Netherlands Antilles

where water supply and power generation are located in the same source. For those concerned with the relative efficiency of co-operative to capital based and nationalised organisations delivery of utilities/services Birchall cites the study by Birmingham University economists demonstrating that the Bolivian water co-operative is amongst the most efficient producers of water in Latin America.

Johnston Birchalls book warns us that opportunities for government and other elites to manipulate co-operatives has been and continues to be a threat but one that can be overcome. The essence of his analysis is that co-operatives work best in the struggle to eliminate poverty given; 1. legislative frameworks that enable autonomous co-operative organisations, 2. projects that emphasise participatory and holistic approaches, 3. focused HRD programmes which develop leadership, democratic and technical skills, and, 4. a co-operative value based management committed to empowering the communities they serve. This book should appear on the list of recommended reading for all students studying co-operative management and organisational development. I strongly recommend it to the general reader interested in development issues and all co-operative development workers.

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