

# Editorial

The three peer-reviewed papers in this edition have a focus on worker co-operatives and employee/producer owned and controlled businesses. The first two articles address issues of culture, structure and systems from two different perspectives — one from the experience of a failed employee takeover in the Indian mining sector (Sarkar and Ghosh); the second — more familiar ground for many — lessons learned from the Mondragón experience (Thompson). Our third peer-reviewed article focuses on a former agricultural co-operative turned farmer-controlled business in South Africa with a particular emphasis on management as a driver of customer satisfaction (Alsemgeest).

The edition also includes two shorter articles that relate directly to current issues in co-operation in the UK. The first is an opinion piece (Matthews) that offers a light at the end of the tunnel of recent events affecting the UK Co-operative Group and some of the associated institutional markers of the co-operative movement in the UK. The second is a reflection of the extension of the producer organisation regime to all agricultural sectors in the UK and throughout the EU (Eastham). The author argues that the promotion of co-operative activity among growers through producer organisations, designed to enable them to achieve a better position in the market-place, reduce costs and support their economic viability, can sometimes have a negative effect and reduce income for farmers.

Sarjar & Ghosh's article presents us with a salutary lesson of some of the barriers that may prevent succession conversion of a minerals mining company to employee management and control. The context is eastern India and the paper focuses on the period after the decision to close the central Government controlled mine — Fortune Mines — when a series of attempts were made to establish a workers' co-operative and includes data drawn from interviews with a variety of stakeholders. For some co-operators in the UK, the attempt to stop closure of (or, in this case, re-open) the mine and preserve employment through employee buy-out, may bring back memories of the Tower Colliery in south Wales (see Smith et al, 2011 for an overview), but with significantly different results. In the case of Fortune Mines Ex-Workers' Welfare Independent Co-operative Society, the authors identify and explore fundamental vulnerabilities that undermined the project: lack of financial working capital and inability to attract investment, deficit of administrative and technological and administrative personnel, and an inability for a 'worker democracy discourse to overcome the affects of the managerial discourse'.

An organisation or rather a group of co-operatives that has often been held as an exemplar of a strong co-operative culture and identify borne out of a particular cultural history and politics associated with the Basque region in Spain is MONDRAGON Corporacion Cooperative and Mondragón is the centrepiece of the second paper. Rather than regarding its organisational culture as being uniquely dependent on its geographical history, location, and country (Basque) culture, and thus not transferable in other cultural milieus, Thompson argues that it is Mondragón's organisational structures and processes are the significant factor when considering the wider applicability of its model in other regions. While not without its problems — increased workplace bureaucracy, non-co-operative member subsidiaries, the closure of Fagor, the struggles of Eroski — Thompson considers Mondragón's continued achievements in maintaining trust and loyalty. While some would see the employment of non-co-operative, non-Basque and increased foreign subsidiaries as part of the weakening of the Basque culture-co-operative success link, Thompson plays down the effects of external cultural traits and instead emphasises Mondragón's unique organisational culture. He provides an interesting overview of the principles and component parts of its contributing processes and structures whilst stressing that these are not necessarily unique to Mondragón, per se. This leads to examples of applicability and adaption/adoption of the 'Mondragón model' elsewhere, namely in Valencia (Grup Empresarial Cooperatiu Valencia) and the successes and failures therein (here Thompson as with Sarkar and Ghosh points to institutional obstacles), and in the United

States. Here, initiatives such as the collaboration between Mondragón and the United Steel Workers' Union to develop a 'union co-op model', and the recent establishment of the National Co-operative Bank in Washington DC are raised as interesting examples of emulation. Acknowledging different co-operative and employee ownership endeavours in different countries, Thompson argues that that Mondragon's co-operative principles, structures, and processes are not a cultural exception, and specific only to that part of the world, but rather are a 'typical world phenomenon adopted by co-operatives everywhere.

Our third and final peer-reviewed paper is a piece on farmer-controlled business in South Africa. While agricultural co-operatives were common in South Africa pre-1990, post-apartheid led to changes in the financial sector and subsidies to agri-co-operatives ceased, which in turn led to the conversion of a number of former co-operatives into farmer-controlled businesses (FCB). In this paper, Alsemgeest explores the complex agency relationship of farmers as both shareholders in and customers of the FCB and considers to what extent management impacts on customer satisfaction. As with Thompson's paper, Alsemgeest raises the issue of trust although in this instance it is related to the transactional relationship that links to customer satisfaction/dissatisfaction. Rather than use only service satisfaction as an indication of satisfaction and firm performance, Alsemgeest also considers other factors such as satisfaction with price, produce and personnel. Factors most related to customer satisfaction with FCB as a whole are product, followed by management, and perceptions of service. More specific significant drivers related to the FCB operation (retail and grain marketing) were identified as produce and price. She suggests that using an extended but simplified model of customer satisfaction in this way, can help to assess firm performance more easily and point to areas that need attention and she returns to trust as a key priority relating to farmer-centred relationship management, management decisions, processes, and actions.

As well the peer-reviewed articles — and our thanks go to our committed reviewers again for this edition, the *Journal* also features shorter articles for book reviews, and commentaries. Commentaries can consist of new developments, think pieces and polemical articles. In this issue, as one of the two commentaries, we feature an article that initially appeared in *The Spokeman* by Nick Matthews. The article chronicles the problems post-2012 for the Co-operative Bank and the wider Co-operative Group. Matthews, does see a positive future in the rebuilding of co-operative education in the UK through the newly incorporated Co-operative College. The Co-operative College officially launched as became a member-based charitable incorporated organisation in May 2015. If this short paper whets an appetite to read more about the failure of the co-operative bank, readers might want to consider Wilson et al's *Building Co-operation: a business history of the co-operative group, 1863-2013* — cited as the principal historical source in the Kelly Report on the Failure of the Co-operative Bank

**Jan Myers and Paul A Jones – Co-editors of the Journal**

## References

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