

## Editorial

The four papers in this edition of the Journal offer, in one way or another, varying analyses of the impact of ideals, values and principles on co-operative management and organisational development. They explore particular aspects of the value base and motivations that underpin co-operation, the historical context within which they arose, their relationship to the corporate world and political movements and their significance within the contemporary market-place.

Hannafin and McKillop endeavour to analyse the nature of the driving force that mobilised countless volunteers, throughout the world, to develop credit unions “as important instruments for combating misery, usury, famine and unemployment”. The authors find this force, not within any concept related to altruism, but, rather, within an understanding of ‘enlightened self-interest’. Interestingly, this has some relation to debates within the British credit union movement over the last ten years. Traditionally, many small community credit unions often adopted models of development that were inspired by charity for the less well-off. Organised by volunteers for the poor, many of these credit unions failed to develop as sustainable organisations. In response, new models of development emerged that were more firmly based on an understanding, not of charity, but of co-operative and mutual interest. These credit unions realised that they could only succeed if they were able to offer quality products and services to all, not just those facing “misery, usury, famine and unemployment”. Branch and Baker (2000)<sup>1</sup> argue that, internationally, credit unions perform much better when board members, for example, have a personal stake in the credit union as savers rather than just as borrowers. Enlightened self-interest, or perhaps better co-operative and mutual interest, in a return on those savings encourages board members to ensure that their credit unions develop as sound and safe financial institutions which, ultimately, are then strengthened and thus better equipped to serve the poor more effectively.

Cato et al from the Welsh Institute for

Research into Co-operatives offer a different perspective on the ideals that underpin co-operative development and on their relevance within contemporary society. They explore early guild socialist and utopian socialist ideas and ideologies that they claim supported the development of co-operatives. They attempt to make links with the current green political agenda and propose the possibility of a connection between the commitment to building a sustainable economy and the co-operative model of organisation. In support, the authors refer to research findings that arose from an audit of 81 co-operatives in Wales, which included 17 co-operatives operating within the environmental sector and committed to sustainable development. Whether or not, Cato et al, have exhaustively proved the case for a link between co-operation and the current green political economy, they offer some very thought provoking and challenging ideas and give some excellent examples of co-operative environmental activity in Wales.

Using the example of the Singaporean co-operative NTUC FairPrice, Davies takes a different approach to the impact of ideals on co-operative organisational development. He argues that the internationalisation of retail co-operatives may have been held back or even discouraged by their underlying co-operative principles and management ideals. Perhaps contentiously, he writes, “the reality is that their activities are constrained both by factors within each co-operative and also by the structure and ethos of the co-operative movement itself”. Young describes, in her paper on the transformation of The Co-operative Bank, a quite dissimilar experience of the influence of co-operative ideals and ethical principles on business practice. She offers a synopsis of a recent extensive Lincoln University management study which analysed the far reaching impact on The Co-operative Bank of its decision to adopt a distinctive ethical message, focusing on the responsible sourcing and distribution of

funds. The visionary transformation of The Co-operative Bank is now so well known, it is claimed, that it is widely used as a successful example of business re-engineering. Young relates how the Lincoln study concludes that the Bank was able to effectively transform itself, and increase market share, whilst remaining true to the co-operative ideals of Robert Owen and the Rochdale Pioneers.

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- <sup>1</sup> Branch and Baker (2000) in Westley G D and Branch B (2000) Eds, *Safe Money. Building Effective Credit Unions in Latin America*. John Hopkins University Press, Washington.