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Foreword

Edward L. Zammit

Cooperative enterprises are guided by both *economic* and *social* principles. Like other firms, they operate in a free market economy and, in order to compete successfully they have to meet the normal commercial criteria of productive efficiency and financial viability.

According to Maltese law, a cooperative is an enterprise whose primary aim is that of promoting the 'economic interests' of its members in accordance with certain 'cooperative principles'. These principles are celebrating their 150th anniversary this year: They were originally enunciated by the *Rochdale Pioneers* (in 1844) and subsequently adopted, with minor amendments, by many other countries, as well as by the International Cooperative Alliance. They include the following:

- (a) voluntary and open membership;
- (b) democratic control by members;
- (c) limited interest on capital;
- (d) fair distribution of profits following an adequate provision for reserve funds;
- (e) promotion of cooperative education; and
- (f) collaboration with other cooperatives on the local, national and international levels.

It follows therefore that a proper assessment of cooperative viability should take into account indicators of both *economic* and *social* performance.

The present volume includes some of the papers presented by a group of international experts during two seminars on the subject of the *viability of worker cooperatives*. These seminars were organised by the Workers' Participation Development Centre (WPDC) of the University of Malta in collaboration with the

Friedrich Ebert Stiftung (FES), which is also sponsoring this publication, and other local sponsors. The interest of the Workers' Participation Development Centre in worker cooperatives stems from the simple fact that cooperatives are one of the most important ways of putting into practice the ideal of worker participation.

To some it might appear that the subject of worker participation is not highly fashionable at the moment in contrast to what it was in the late sixties and seventies. Indeed, the idea of worker participation has tended to fall in and out of favour among policy makers periodically throughout the present century. Those promoting the idea from time to time represent a wide ideological spectrum and often have quite conflicting interests. As a result, the different forms of worker participation which are promoted may signify a genuine sharing of power or simply a subtle form of manipulation by the existing power holders aimed at retaining their advantages. Likewise, there are cooperative organizations where the democratic principles are fully observed and others where hardly lip service is paid to them.

However, the *cyclical view* of worker participation is rebutted by those who perceive an underlying incremental process of democratization, claiming that every periodic swing of the pendulum actually signals an overall increase of worker participation in practice. Such a process can best be detected through a wide ranging survey, exploring different cases and spanning several years. Thus, for example, in the pre-1980's era, the Ford Motor Company had been described as '*the archetypal machine and tightly controlled*'. In contrast, Ford's new managerial, decision-making system has been recently described as '*a team process in which everyone participates and to which everyone contributes...The new management approach is termed Participative Management*'.¹

1. Starkey, K. (1994) 'Managing for Ford', *Sociology*, Vol.28, No.4, pp.975-990.

Elsewhere in management quarters, the currently fashionable *Human Resource Development* contains many elements of what is traditionally known as *worker participation*. It is often the managerial response to their increased concern with the perceived problems of “workers’ apathy, carelessness, lack of work ethic, and even sabotage witnessed in many industrialised countries”. Through *human resource development*, the management aims at motivating workers by actively involving them in decision making processes at the workplace.²

There are many different forms of realising worker participation. These range from worker cooperatives - which are totally owned and managed by the workers - to mere forms of information and consultation as in the European Works Councils. Yet while worker cooperatives may approximate the ideal form of worker participation, they are also the most problematic. And while it is not difficult to locate examples of successful agricultural services and consumer cooperatives in many countries, it is not so easy to identify cases of worker cooperatives which are both *economically and socially viable*.³

The aim behind this publication - and the international research project which gave birth to it - is to identify the main political, economic, social and other conditions conducive to the viability of worker cooperatives.

The Workers’ Participation Development Centre has always been committed to assist the development of worker cooperatives. It happens that in Malta, at present, there are some encouraging prospects for the introduction of cooperative ventures *from above*. There are those who see a natural affinity between the newly created local councils and locally based worker cooperatives

2. Kakabadse, A. & F. Analoui (1989): Defiance at Work, Bradford, Bradford University Press.

3. Mellor, M., J. Hannah and J. Stirling: (1988) Worker Cooperatives in Theory and Practice. Milton Keynes, Open University Press.

operating mainly in the area of sustainable environmental management. There are others who see worker cooperatives as a viable and a more desirable alternative to privatisation of certain segments of the public sector which is often seen as too large, impersonal and inefficient. The Government is actively promoting these initiatives and eliciting the Centre's support in their implementation. As a University institution, rather than a value-free research and education agency, the Centre sees its role as being committed to *action research* and a *policy oriented* programme - where education, research, experience and action are seen as different aspects of an integrated process of development.

In carving out its present role, the Centre has been highly influenced and inspired by the University authorities, who have also materially ensured the supply of adequate resources required for implementing its programme. As a result, the Centre's staff are heavily involved in these support activities both within the University and in Maltese society at large. In fact, the University itself is hosting some of the most interesting, recent experiments in worker cooperatives, one of which is also documented in this publication. This is one example of the Centre's involvement in policy oriented research and action in support of worker cooperatives.