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Johnston Birchall — An Appreciation

Ed Mayo

Johnston Birchall was the greatest and most insightful co-operative researcher of our day. I mean no disrespect to others in the field, because the field of co-operation has attracted many brilliant minds, as it has creative characters. The resurgence of the Research Committee of the International Co-operative Alliance at global and European levels in recent years has helped to build a dialogue and recognition for the vital role of the research community in the development of the sector, even if all of this remains at the same time pushed to the margins of a world defined by the logics of financial return and investor ownership.

My work with Johnston spanned many years. I commissioned a report from him on mutual options for water and rail when CEO of the New Economics Foundation before 2000 and he contributed to a seminal report we completed for David Rodgers at CDS Co-operative. Around 2005, when I was running the National Consumer Council, Johnston and Richard Simmons co-authored a wonderfully influential report we published on public participation in public services, *User Power*. When applying for a role at Co-operatives UK in 2009, Johnston was the first person I approached for advice.

As I see it, the question ‘how should we work together?’ was the golden thread that connected Johnston’s research and teaching over time.

Our lives are a journey to understand ourselves and to relate to others. Why then spend our time and money in settings that follow the cold logics of status and of separation? Take a look instead, Johnston asked, at the experience and the possibilities of co-operative action. In the 1980s, for example, housing co-operatives turned residents from passive tenants into active members.

In the foreword to Johnston’s book, *Building Communities*, the great social entrepreneur, Lord Young of Dartington commented that “if Johnston Birchall had been the Minister of Housing in 1945 (or still better in 1919) perhaps Britain would have housed and re-housed itself. It is just possible that we might have had, not Robert Owen’s co-operative villages, but Birchall’s co-operative neighbourhoods” (1988, p. ix)

While small co-operative stores waxed and waned, there was a history of innovation which was at risk of being lost. “When I first started researching co-operation” Johnston wrote to me “my task was to recover the lost history — first of the British co-operative movement, then of the international one. The books I was using were all from the 1940s and 1950s”

The next phase was to create, with others, a new set of institutions for learning on co-operation. And from academic respectability, the University of Brunel and Stirling University, Johnston and colleagues began to meet the need for good academic research on the subject, becoming in a relatively short time a leading international researcher in the field. Drawing on this, in September 2005, Johnston was a keynote speaker to the Congress of the International Co-operative Alliance in Cartagena on the state of co-operative principles worldwide.¹

The Director General of the International Co-operative Alliance, Bruce Thorardson commented in the foreword to Johnston’s 1997 book, that “not since Will Watkins at the beginning of the 1970s has an author attempted and succeeded in the daunting task of describing, explaining and analysing the international co-operative movement” (p. vii).

Co-op, the people’s business is Johnston’s most loved publication, and is on shelves around the world. Through writing and illustration, Johnston traced the story of co-operative enterprise from the early ideas of Robert Owen, and others, and the early action of the Rochdale Pioneers, and others. The list of his publications is a long one, including books on history, mutuality, public

services, banking, development, post-crisis recovery and governance. The publishers were distinguished — Routledge, Palgrave, the ILO, many written in collaboration, many priced for an academic audience, but others free for activists and practitioners.

Why do people overlook co-operatives in economic and social development, he asked? Is it co-operative blindness, or reservations based on distortions in the model, such as during times of state-sponsorship? As a result, he commented, “when a conventional investor-owned company fails, people ask why it failed. When a co-operative fails, people ask whether co-operatives can ever be made to work”.

Or is confusion a natural reflection of the sheer variety of labels and forms that emerge from the diverse practices and cultures of association? Particularly in later years, Johnston sought to put his arms around this kaleidoscope of practice by applying a clear-eyed rigour of theory. The concept of member ownership — customer-ownership in banking — opened the field of institutional economics to co-operatives and mutuals. The concept of member-centrality, an idea that Johnston learned from the Indian economist Tushaar Shah, opened up a framework to understand and improve co-operative governance and performance. Successful co-operatives become an ‘expanding presence’ in creating opportunities for their members.

Researching what it is that encourages people to become members, Johnston co-developed a way of understanding behaviour in a social setting. Alongside the framework of personal incentives that is central to so much of contemporary economics, came the recognition of mutual incentives — a theory of participation. Applied to the setting of volunteers in public services, for example, he found that while people participate for a variety of reasons, over time their motivation becomes more mutual. In short, if the market makes us consumers, association makes us citizens.

A course for students at the University of Stirling, where Johnston had become a Professor, reflected this open and enquiring approach, setting the study of co-operatives within a larger framework of human co-operation, connecting among others with the work of Elinor Ostrom, Nobel Prize winner for economics, whose own interests focused latterly on institutional forms for co-operation.

Not all of these ideas won the engagement of the co-operative sector. His key work on member participation at The Co-op, for example, was never repeated, when doing so would have been of real value and could have informed a more effective approach to member engagement. Part of the reason perhaps has been a cultural resistance in the sector to the contribution of researchers and to the value of knowledge and ideas. Despite the efforts of the Society for Co-operative Studies, a home from home for Johnston, the memorable phrase of Fritz Schumacher arguably holds true for the wider sector: an ounce of practice is worth a tonne of theory. Johnston himself put some of this anti-intellectualism down to a wrong turn in the critical field of co-operative education, in which for quite a number of years, consumer retail co-operatives madly refused to appoint graduates to management roles, believing instead in the sole strategy of developing talent from within. Weak member engagement, poor quality governance, and unskilled leadership have arguably been the three great failings of the retail co-operative sector. They are features of insularity, whereas being open to new ideas can be a practical source of renewal when the context for the old is gone.

And Johnston’s big ideas? On a walk out in 2019 from Glendevon where he lived, his mind clear and the promise of his energies returning after treatment, Johnston talked me through his thoughts for a grand theory of co-operation — and ways to use the history of co-operatives as an empirical test of the same.

These ideas will continue to echo. From a history of forms of housing co-operatives, for example published in 2003 by the New Economics Foundation and CDS Co-operatives, a new model of sustainable community action emerged, exemplified by the award-winning, Leeds-based, low-carbon, eco-build co-operative, Lilac.²

In his own words, “we contribute to a kind of collective consciousness that continues even though our names are quickly forgotten. That is our real achievement”.

To have known Johnston is to have known his ideas. His love of jazz — and he was an accomplished musician — was emblematic of co-operation; his stories — unpublished — for the grandchildren were emblematic of his skills as a narrator and observer of the world. His interest in stoicism was tested, as stoicism is wont to be, and yet he was open always to the claim that while we can’t change everything ... we can in time change capitalism.

In person and in professional life, aligned to a multi-generational co-operative field of practice, arguably the longest running social movement of our day, we can see a larger story. This is one that we are all potentially part of. It is a story of how we learn and relearn to work together and to renew the bonds of social solidarity.

The Author

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My thanks to Pat Conaty for his input to this piece and to Johnston and Bernadette, his wife and dear companion, for their original prompt for me to write it. Thank you too to *Co-op News*, for permission to draw on an appreciation I wrote which it published following his death.

Notes

1. This keynote presentation was published as Co-operative Principles: Ten years on in the *Review of International Co-operation*, 2005.
2. Lilac co-housing community, Leeds, UK — <https://www.lilac.coop/>

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Johnston Birchall — A Giant of Co-operative Scholarship

Nick Matthews

When I heard the news that Johnston Birchall had died I said in *Co-operative News* that, "There is no doubt that the UK movement has lost one of the great co-op advocates. Everyone who knew him and his work across the global co-operative movement will mourn his loss. Fortunately, he leaves a tremendous body of incredibly valuable work as anyone looking through his dozens of publications will testify".

His contribution to the thinking about co-operatives was indeed immense. He was a prodigious champion of the co-operative and mutual sector, with a level of knowledge and understanding that will be very hard to replace. There is not a week that passes, when something happens in the co-operative world, that I do not ask myself what would Johnston make of that?

After studying at Oxford, he did a PhD at the University of York, and spent five years as a housing association manager, before becoming an academic, ending his career as a Professor Emeritus in the Social Sciences Department at the University of Stirling. He dedicated over 25 years researching issues related to stakeholder participation in co-operatives, mutual and public service agencies. I think his time as a manager meant that his work was always informed by the practicalities of running actual co-operative or mutual businesses.

Johnston was the author of more than 60 academic articles and chapters, as well as many influential reports for the ICA, the ILO and the UN, these included *Co-operatives and the Millennium Development Goals* (2004), *Resilience of the Co-operative Business Model in Times of Crisis* (2009), and *Resilience in a Downturn: the power of financial co-operatives* (2013). His scholarly work made him a thought leader for co-operation internationally and his books should line every co-operator's study. Key works include *Building Communities the Co-operative Way* (1988; re-issued 2014) then, the first book that introduced me to his work and got me thinking about co-operatives more holistically, *Co-op: the People's Business* (1994), followed by *The International Co-operative Movement* (1997), *People-Centred Businesses: co-operatives, mutuals and the idea of membership* (2011), and *Finance in an Age of Austerity: the power of customer-owned banks* (2013).

In 2014, when I was Chair, he produced a great piece of work for Co-operatives UK on *The Governance of Large Co-operative Businesses* which should be compulsory reading for all Directors of large co-operatives. His thought-leadership meant that he consistently recorded ways of thinking about co-operatives, as illustrated by his work on multi-stakeholder co-operatives. One of the many things I admire is that whilst his work is informed and contextualised by the history of the co-operative movement, it was always contemporary. He appreciated what was eternal in co-operative values, but he also understood that co-operatives and mutuals have to adapt to make themselves relevant to changing times.

In a way, much of his oeuvre is a prelude to *People Centred Businesses* (2011) which deals with the key issue of member-owned businesses as opposed to investor-owned businesses. The key question that underpins his later work is: what is membership and what does it mean to be a member in a 'member-owned' business? Looking at co-operative and mutual businesses through the lens of membership proved to be a very fruitful road to go down. In a very concise article for this *Journal*, A 'member-owned business' approach to the classification of co-operatives and mutuals (2011a and this issue, pp. 148-161) he distilled down his thinking about the role of membership, from the evolution of co-operative principles. If you have read nothing else by Johnston, I warmly recommend this piece.

Having heard Johnston speak on many occasions, I can clearly hear his voice in my head as I re-read it before I write this appreciation. He was someone who had a clear picture of what he thought, and wanted to say, yet he was always open to discussion, and he was very generous with his time when sharing his ideas with those with less knowledge or experience. In the article, he provides a taxonomy of co-operatives and, as only someone with his record could do, he critiques the existing co-operative principles. He outlines a new approach to the question of how to define a co-operative “suggesting that an understanding of co-operatives as ‘member-owned businesses’ has distinct advantages over the traditional approach of checking candidates against seven co-operative principles” (2011a, p. 15).

As every co-operator knows, co-operatives are defined according to co-operative principles through an identity statement endorsed by the International Co-operative Alliance (ICA). In the article, he argues that too much is taken for granted in this process; a fresh approach is needed. He provides a brief history of the co-operative principles, shows how the ICA has codified and periodically revised the principles, and discusses several difficulties with this approach.

Johnston suggests an alternative way to define a co-operative based on the concept of member-owned businesses (MBOs). Three main stakeholders are identified, consumers, producers and workers, and the different types of co-operative they create are put into a comprehensive classification system. Possibly controversially co-operatives are placed firmly in the category of ‘private sector’ rather than in other categories, such as community-owned businesses, that privilege the social over the economic. Furthermore, he presents the case for co-operative federations to adopt a member-ownership framework, to extend a welcome to other types of member-owned business, and through this approach align their membership and business strategies.

Whilst he does not suggest that the current principles should be superseded, he states that the first four principles are what define the core co-operative identity, and are compatible with competing sets of principles that are used by some worker and producer co-operatives. His brief history of the evolution of the co-operative principles points out their pragmatic nature, and that the first four define what a co-operative is, while the last three indicate how we would like co-operatives to behave. Moreover he reminds us that, by their nature, the principles are more applicable to consumer rather than to worker or producer co-operatives.

In a way, the idea of membership as ownership is still the hardest thing for co-operatives to describe and explain to both putative members and, often, to their existing members. Making membership meaningful is a perennial challenge. What is helpful about Johnston’s approach is that by using membership as the key relationship he helps us think more clearly about what that implies in terms of the benefits of membership, how members exercise control over the enterprise, and what the implied governance issues are.

Some of the confusion about the nature of membership is caused by investor-owned businesses promoting something that looks like membership as a form of driving customer loyalty through what appear to be extra rewards for joining their members’ club. One other challenge, particularly in very large co-operatives with many members, is that different members want different things from their co-operative and have different expectations from membership. As Johnston says, there is one simple measure that provides a test of whether a MOB is successful or not — member benefits. By this he means that the role of membership and how it feeds into the governance of the co-operative is key: if members do not receive enough benefit or understand the impact of their benefit on the economics of the business or their responsibility in supporting the health of the business then a co-operative will fail. Benefit itself is, of course, a balance between individual and collective interests (economic self-interest and the pursuit of shared values and goals); getting the balance right is a challenge.

Once you get the idea of placing members at the centre of your thinking about co-operatives and mutual businesses many of the things that we think complicate the management, governance, and functionality seem to evaporate. As a tool to think about the key issues of purpose, member engagement, and governance a member-centric approach is invaluable.

Johnston goes further and argues,

There are several advantages to the member-owned business approach, but perhaps the most important is that it provides a clear classification system for co-operatives and similar businesses worldwide. This might be the starting point for a project on co-operative statistics that is urgently needed if the current impact and future potential of MOBs are fully to be appreciated (p. 15).

This golden thread of membership, “should also enable co-operatives to unify their work on membership and governance with their business strategies” (p, 5).

However, Johnston was a realist and has a word of warning for us in the conclusion to *People Centred Businesses* (2011):

There have often been theorists who, on discovering the idea of a member-based economy become excited about its potential to cure many ills. They see it as a replacement for capitalism, a solution to globalisation, a way of creating sustainable economies, a key to unlocking the economic potential of developing economies, and so on. At its best [member ownership] may contribute to all of these, and it is a vital part of some important social movements, but it is not in itself a movement. We have to appreciate the potential of member-ownership but not put more weight on it than it can bear (2011b, p. 210).

As the ICA begins a fresh round of consultation on the co-operative principles it was Johnston who pointed out that, “It would seem self-evident that this approach, whereby the ICA has custody of the definition of a co-operative and periodically subjects it to reflection and revision, has validity and is the obvious way to generate a definition of a co-operative” (2011a, p. 6; this issue p. 151). It’s rather sad that he is not here to take part in this latest iteration.

Finally, Johnston had a passion for jazz and, as with all great jazz musicians, he was able to take an underlying theme improvise around it and come up with something new and exciting. He was a lovely man, genial and thoughtful, excellent company after hours at co-operative events, and a great source of co-operative wisdom. I miss him. The whole co-operative world will miss him.

The Author

Nick Matthews is a director of the Heart of England Co-operative Society, and Senate member at the Co-op Group. He has recently retired (2020) from his term of office as Chair of Co-operatives UK. He is, amongst other things, reviews editor for the *Journal of Co-operative Studies* and a ‘serial co-operator’.

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Governance of Co-operatives: Democratic and Member-Owned Or, “There is No Simple Blueprint for Good [Co-operative] Governance”

Sonja Novkovic

This tribute is based on Johnston Birchall's two important publications: *The design of effective democratic governance structures for large co-operatives* (2015) and *The governance of large co-operative businesses* (2014).

Johnston Birchall left an indelible mark on the advancement of theory of co-operative governance, built from practice. The ‘simple’ insight that good design of co-operative governance structure revolves around ‘three slices of a cake’: member involvement, representation, and expertise, resonates with any approach to governance in democratic member owned organisations.

Member involvement. Arguably, the most important reinforcement of psychological ownership is in member engagement. Birchall recognised both the diverse ways members can be engaged in a co-operative, and the challenges for large consumer co-operatives where members’ contribution to governance is reduced to voting. Even so, co-operatives develop diverse ways to engage members via direct democracy, representative democracy in a delegate system, or by delegating powers to a member council.

Representation. Member representation in governance is a challenge when co-operatives include diverse members, or members’ interests diverge over time. It is particularly challenging to design structures fit for diverse types of members; individuals and organisations as members; and a mix of market and co-operative interactions, through a price mechanism in the former case, with membership (joint ownership and relational nature) in the latter.

Expertise. In order to address a gap in expertise, large co-operatives in particular appoint independent directors to their boards. Highlighting the difference in member proximity between the types of co-operatives, Birchall concludes that the expertise gap is of particular significance in consumer co-operatives, since members are often not familiar with markets, distribution channels, or strategy required to succeed in the competitive environment.

Recognising that co-operative governance is complex, diverse, and evolving, Birchall suggests elements of effective governance design that address the potential pitfalls which may arise in cases of an imbalance, or a lack of voice, representation, or expertise. Member involvement is direct in small co-operatives, but large ones create delegate assemblies, or members’ councils, thereby ensuring a more engaged, though smaller group of involved members. Regional groupings and electoral colleges are also devised to ensure member representation, although producer co-operatives have other means at their disposal, such as contractual obligations they deploy for effective supply management. Regular governance review is also suggested as good practice. This can be a tool for change in the organisation.

As far as expertise is concerned, Birchall noted, and we agree, it is not necessarily the business expertise that is lacking, but independent and critical thinking may be in short supply. While independent directors may challenge some decisions, the jury is still out on the effectiveness of reliance on such experts in co-operative governance. External experts not familiar with the co-operative enterprise model may contribute to isomorphism of the organisation and push it farther away from members, and closer to demutualisation. Large consumer co-operatives, it is argued, surely have enough expertise among their membership base. Birchall suggests

some options — lay directors with access to expert advice when needed; a strong nominations committee to bring forward members with the required expertise for elections; and/or a two-tier structure with member representatives overseeing the board of directors.

Johnston Birchall's insight is rich, and co-operative to the core. He understood the complexity, as well as the necessary adaptation, flexibility, and evolution of governance structures as members themselves grow, change, and evolve with added external pressures. His work on governance of large co-operatives provides invaluable insights into the challenges that growth of membership and market share brings along with it.

Whether one fully subscribes to Johnston's point of view, or uses it as a springboard for further development of the theory of co-operative governance, the impact of his thinking is undeniable. It provides clarity; serves as a foundation and a framework; but also gives food for thought — the right mix to pass to up and coming generations of co-operators.

The Author

Sonja Novkovic is Professor of Economics and Academic Director of the International Centre for Co-operative Management at Saint Mary's University, Halifax, Canada and an affiliated researcher at the Alphonse and Dorimène Desjardins International Institute for Cooperatives at HEC Montréal. She has served as the Chair of the International Co-operative Alliance Research Committee (2013-2021) and is a member of the International Co-operative Alliance Advisory Group on Co-operative Identity.

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My Friendship with Johnston Birchall

Akira Kurimoto

Johnston has written three volumes in commemoration of historical events: *Co-op — The People's Business* for the 150th anniversary of the Rochdale Pioneers Society in 1994; *The International Co-operative Movement* for the centenary of the International Co-operative Alliance (ICA) in 1997; and *People Centred Businesses* for the International Year of Co-operatives (IYC) in 2010. He also contributed papers for the International Labour Organisation, and his paper *Resilience of the co-operative business model in time of crisis* together with Lou Hammond Ketilson in 2009 is thought to be one of triggers of the International Year of Co-operatives (2012). He authored reports on governance of large co-operative businesses in 2014 and 2017. Most of these books and papers were translated into Japanese. I might say he has made a tremendous contribution to the international co-operative movement for decades.

I had the pleasure of a longstanding friendship with Johnston since the 1990s when we had often met on the occasion of the ICA research conferences. He visited Japan under the invitation of Meiji University and gave a lecture for the Robert Owen Association of Japan (ROA) in 1998. He contributed a chapter in the English volume named *The Emergence of Global Citizenship: Utopian Ideas, Co-operative Movements and the Third Sector* in 2005. He was invited by the Consumer Co-operative Institute of Japan to give lectures commemorating the IYC in Tokyo and Kyoto in 2012. I remember he was moved and cried when he saw the Golden Pavilion Temple in Kyoto designated as a UNESCO world heritage site.

When I visited his former house in Scotland, we climbed the nearby hill and talked a lot in the 1990s. He invited me to his new house at Glendevon before the ICA Research Conference in Stirling in 2017. He sang songs playing guitar, and we enjoyed Bernadette's dinner. He drove a newly-bought Jaguar to travel across the Isle of Skye and the Highlands. We discussed a wide range of topics on co-operative history, governance, new mutualism and so on. But soon after my visit, I was informed of his illness. Johnston kindly answered my inquiries from time to time but our communication became rare. Now I pray for peace of his mind.

The Author

Akira Kurimoto was a professor on the cooperative programme at the Institute for Solidarity-based Society at Hosei University, Tokyo (2015-2020). He was a board member/chief researcher for the Consumer Co-operative Institute, Japan, from 1998 and the general secretary of the Robert Owen Association. He served as the Chair of the ICA Research Committee (2001-2005). He is a founding member of the Asia Pacific Co-operative Research Partnership, which published a volume *Waking the Asian Pacific Co-operative Potential* (Altman et al., in 2020). He is Senior Fellow of the Japan Co-operative Alliance and in November 2021 became the Chair of ICA Committee on Co-operative Research.