



A Systems Approach to Irish Co-operatives in Ireland

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Stephen Gill, CEO of Co-op Exchange (<https://coop.exchange/>), once tweeted that “If co-operatives don’t co-operate to beat their competitors, then their competitors will co-operate to beat co-ops” (see <https://stephengill.coop/about>).

This is not a trite statement. The truth of it has been seen repeatedly. During WW1 in the UK, local shopkeepers, who dominated war requisition committees, ensured that retail co-operative societies were disproportionately affected by the requisition of, for example, horses (in Southampton the local co-operative lost all of its stable.) It was in response to these events that the UK Co-operative Party was founded (Co-operative Party, n.d.). In the 1980s and 1990s in Ireland and the UK the triumphal march of capitalism saw the demutualisation of many building societies, mutual insurers, and others. We have also seen the slow organisational and cultural capture of agricultural co-operatives, consumer co-operatives, and the credit union movement. To make matters worse there are few new co-operatives coming into being in Ireland compared to other countries, notably missing are worker and consumer co-operatives, but there are also few of the platform co-operatives which are a grassroots co-operative response to the digital economy.

In order to successfully defend existing co-operatives against predators and support the development of new co-operatives to take the movement forward, we need to think much more strategically about co-operation in Ireland. A useful model to use in analysing the movement is the Viable Systems Model (VSM) developed by Professor Stafford Beer (1972; 1979; 1995a; 1995b). Using cybernetic principles and studying the human nervous system he identified five distinct sub-systems within a Viable System.

System One comprises the individual co-operative organisations which together make up the movement. System Two is the smoothing/conflict resolution function. System Three is the autonomous or responsive management and audit function. System Four is the external monitoring and planning function, and System Five is the policy function. According to VSM all systems must be functioning effectively for a system (movement) to become and remain viable. For example, if System Two is not functioning effectively then conflicts arise in the system which if not resolved will destroy it. In the human body these manifest themselves in autoimmune disorders (where the body attacks itself) and motor function disorders such as dyskinesia. Similarly, if System Four, in essence the “eyes and ears” function, is not working correctly the system lacks awareness of threats in the environment and may fall victim to predators. I have personally found the model to be an effective tool for analysing weaknesses in co-operative organisations and formulating appropriate remedies. It can also be used as a tool to enable effective design of a sustainable community.

Taking the model as an analytical tool therefore, we look at the component co-operatives. The Viable model requires that all components of system one are themselves viable systems. A full application of the model requires that a component organisation of a viable system forfeits its autonomy if it ceases to be viable, and the meta-system is required to intervene to restore viability.

System Two is the smoothing, or conflict resolution function. A school is potentially a chaotic mess of teachers, pupils, and facilities. Chaos is averted by a System Two called a timetable. Co-operatives rely less on a formal mechanism than on an informal but nevertheless strong framework provided by our Values and Principles. System Two can be reinforced by formal structures such as secondary co-operatives which agree common standards for their members.

System Three is the autonomous management and audit function. It is a good fit with secondary and federal co-operatives, with thought-provoking differences. The key System Three role is to monitor the viability of System One organisations, and to intervene if necessary. I once worked in a consultancy co-operative where we offered co-operative “health checks” whereby we externally audited client co-operatives and advised accordingly. In extremis this could involve brokering a transfer of engagements from the struggling co-operative to a willing receiver co-operative, or to the secondary/federal co-operative itself. This mechanism was used extensively in the UK by Co-operative Retail Services and the Co-operative Wholesale Society before their merger. What failed in the UK example was that the process was one-way: there was no parallel process to identify functions which were viable as System One organisations and could have been established as free-standing co-operatives.

System Four is the “eyes and ears” function by which the movement monitors the external environment for opportunities and threats. This is an essential function at all levels, if you don’t keep a lookout don’t complain if you hit an iceberg. As each co-operative should monitor its local environment, so a secondary federal co-operative should do the same collectively for its members and an apex body monitor the national and international horizon. There are then two ways to make an intervention: either a secondary, federal or apex body can establish a market entry (with a view to it becoming an independent co-operative) or a promotion and development programme can be put in place to encourage and support prospective co-operative members to take advantage of the opportunity. A similar process could be put in place to combat threats, either by direct intervention or by supporting grassroots (System One) responses. Finally, System Five is the overall policy function of the movement. An Apex organisation would have the role of engaging with Government over co-operation in education ensuring that school-leavers are aware of co-operation as an economic option, and to raise the co-operative option in areas of potential such as health, energy, water, rural development etc.

In summary then it is remarkable how a simple application of the Viable Systems Model to the co-operative movement in Ireland can throw up such a rich spread of ideas for the strategic development of the sector.

The Author

Norman Rides, co-operator, is the founder of Co-operation Works through which he provides management, consultancy, training, and advice. He has many years’ experience as both a member of and working with a range of co-operatives.

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