

Cooperantics

People skills for cooperatives

Democratic decision-making in worker co-operatives

The most common way people give up their power is by thinking they don't have any
Alice Walker

Those in power are there because we put them there. If they don't get it right, then out!
Jose Saramago

To some worker co-operatives, collective decision making means just that – all decisions are decided collectively, by everyone. It's a wonder any work gets done at all!

In the early stages, this is fine – there will be fewer than six members, all employees of the co-operative, of course. Members will probably know each other socially, share the same unwritten agenda about why they're in business and communications and information-sharing will happen informally. Knowledge of the product or service, the systems and procedures will be in peoples' heads. Decisions may be made in meetings, in ad-hoc workers' meetings or in the pub. The co-op would be well advised to establish written policies and procedures, so that decision-making will be consistent, but a degree of informality in new start co-operatives is to be expected.

However, as the co-operative grows and matures, perhaps increasing in membership to more than six or seven members, formal management structures and decision-making procedures become necessary. This does not imply men – or women – in suits, but what it does imply is the need for systems, structures and business knowledge which is accessible to all – suited and booted or otherwise.

Some co-operators are more equal than others?

Once membership of a worker co-operative has grown to more than about 6 or 7 members, these informal systems break down, and newer members, even though they have been made welcome and been through the co-operative's induction process, may feel excluded from the decision-making process.

The founder members will have valuable information in their heads, and one day, whatever the size of the co-operative, they will leave. If that information has not been shared with newer members, or if it is handed over at short notice when the founder member decides to take that round-the-world trip, retire or just ride off into the sunset, chaos can ensue.

Without a clear management and decision-making structure, power will still be exercised in the co-operative, but that power will be unaccountable, based on charisma, influence or knowledge. Such power is not elected, so cannot be unelected and it is not accountable, so cannot be held to account.

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Some co-operators are afraid of power – they resent people showing leadership and are afraid of taking the lead themselves in the mistaken belief that to exercise power is in some way “not co-operative”. The co-operative induction process should include material which challenges this idea, and which explains the meaning of co-operative leadership and how it is exercised.

Other co-operators are under the misapprehension that the co-operative is a sort of a love-in, where people are all friends and it's more important to be liked than to take what you believe is the right decision. This is “group think” and it is dangerous for the co-operative, because no-one is challenging the status quo and no-one is courageous enough to stand out in the crowd and take the difficult decisions. Co-operative members need to trust and respect each other, trust which is based on a shared understanding of the co-operative's mission – and how that mission is to be accomplished. They do not need to be friends or share a social life outside the co-operative, although it helps if people know something about other members' outside commitments, hobbies etc.

Network governance

Network governance is the flat management structure found in mature sustainable worker co-operatives. It is based on negotiated power distributed amongst departments, sub-groups and individuals who have autonomous decision-making power in specific, agreed circumstances and who are accountable to other members in the General Meeting, which is the sovereign power of the co-operative.

In order to establish decision-making power in a flat management structure, we need to decide *who* can take *what* types of decisions. Decisions may be differentiated according to a variety of criteria:

technical - managerial,
long term - short term
affecting lots of people – affecting few people
significant financial cost – low cost
outside budget limits – within agreed budgets
no existing policy – covered by existing policy

Above all, a network governance system needs to be based on:

Trust and respect – established by working together to develop a shared vision of the co-operative's long term goals and methods for achieving those goals.

Delegation - decisions should be delegated to the level where they will be implemented. These are the people who know most about it. Sub-groups, working parties, departments and individuals should have clear terms of reference (available to all) specifying what decisions they have the power to

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take, up to what budgetary limits, and how and to whom they will be accountable

Autonomy – then they should be left to get on with it. Don't be looking over their shoulder the whole time telling them how to do it. They have power and responsibility, and will account for their actions at the appropriate time.

Accountability – there should be a transparent and public system for regular reporting back. Time-critical tasks perhaps monthly, more long-term policy development quarterly or bi-annually.

In this way the General Meeting will not get involved in the day to day management, but like any Board of Directors it will focus on planning and monitoring the overall direction of the business, establishing policies and initiating plans.

For more information on network governance, see www.cbc.coop