

Co-operative Enterprises and Social Disadvantage in Northern Ireland

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however, are supported by a large body of volunteers and there is potential for progression to employment through the support and development of these community enterprises.

- IV. Furthermore, the large asset base and resulting economic activity, clearly impacts significantly on employment even if the diffuse nature of the resulting employment is difficult to chart. For example, the £500 million generated by the Agricultural Societies and Distributive (General Supply) Societies, and Housing Associations and £263 million loans made by the Credit Unions amounts to a substantial contribution to supporting local economies. It is clear, that the spin off employment supported and created through these pervasive economic activities, that impinge on the lives of most families in Northern Ireland, is substantial in terms of the Northern Ireland economy and the impact on urban and rural economies.
- V. Representatives of co-operatives have pointed to the difficulties experienced by co-operatives in raising finance as there is an uninformed view that they are high risk enterprises. Equally it has been noted that co-operatives are required to pay corporation tax whereas charities are exempt and the extension of this exemption to co-operatives could make finance available for expansion and consequent additional employment creation. While this is a matter reserved to the UK Exchequer it does seem anomalous that the tax system should favour charities over mutual self-help initiatives.
- VI. Generally, co-operative bodies identified potential for expansion though it was considered that the strongest boost to growth would be to receive greater recognition and support for the sector. It was found that there was a need for business and management education for co-operative enterprise and that such education should be informed by the values and principles of the co-operative movement and the social learning through networking that has characterised the development of co-operatives.
- VII. The mapping of the co-operative bodies has shown that the co-operatives cover a wide range of disadvantaged areas, offering community credit, food outlets, travel, funeral services, housing and agribusiness services. In light of the growing trend for food retailers to move to out-of-town sites, it is important to ensure that food supplies

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friendly societies to trade among members and the "frugal investment of the savings of members". Co-operatives were first fully recognised in the later 1852 Act. An outline history of the development of the Co-operative movement in the UK may be found on the Co-operative College website:

<http://www.coop.ac.uk/cch/resources/history/timeline.htm>

- 1.3 Co-operatives have assumed a variety of forms. The following typology was produced by Craig (Wilkins, 2000):

Automatic Co-operation: Co-operation is involuntary but passive, and often routine in nature. There is little or no communication between those involved. An example of this is queuing for a bus or at a supermarket checkout.

Spontaneous co-operation: more active and purposeful, as between family members or in neighbourhood groups.

Traditional co-operation: where co-operation is regulated by traditional social norms. Examples of this are the sharing of food in hunter-gatherer cultures.

Directed Co-operation: The military organisation is probably the oldest and most universal form of directed co-operation. In the modern world, large-scale businesses, trade unions, school systems and even religions have relied upon explicit direction. In this type of co-operative, individuals are directed to co-operate in order to achieve the organisation's goals.

Contractual Co-operation: This is the type of co-operation which typifies the form found in modern-day co-operatives. Co-operation is both voluntary and formalised, and based upon explicit agreement between individuals to work together to achieve goals. Wilkins (2000) cites the "profusion of baby sitting circles, community self help schemes, clubs and associations [which] suggest that contractual co-operation at the grass roots is far from moribund" (p.6).

- 1.4 Co-operatives are businesses owned and controlled by their members. They differ from other businesses in that they are member owned and operate for the benefit of members, rather than earn profits for investors. Like most businesses, co-operatives are incorporated in law (The Industrial and Provident Societies Act Northern Ireland) 1969,

people would not otherwise have contemplated.

Community Benefits

co-operatives are locally owned, creating and maintaining profits within the community. According to Hammond-Ketilson (2000), "Co-operatives promote local pride and social integration, local control and local reinvestment" (p.1) and make up an essential component of organisational diversity among the local mix of enterprises;

they are democratically controlled, putting into practice principles of equality and social justice;

in relation to the business goals of the retail movement, there is a powerful commercial advantage to be gained from tapping into these strong values of mutuality and community self-help. A business must differentiate itself from other players in an increasingly crowded market. Its capacity to do this requires articulation of business and social goals, as well as aspects of community values and principles;

Co-operatives can enter markets which other sectors cannot or have not developed, such as the media, ethical trading and social care;

"Co-operatives stabilise and contribute to growth in the community" (Hammond-Ketilson, 2000, p 2). Co-operatives allow members of the community to directly benefit from their achievements, and to observe and appreciate their growth through time. Hammond-Ketilson also outlines the effect that co-operatives can have on rural communities. Their links to other co-operatives and other organisations provide information and resources to support and enrich what is available locally. Blackley (1998) notes that the contribution of co-operatives is particularly valuable because it is "local and long-term" (p 59);

Co-operatives also help employees of a failing firm to acquire ownership and so benefit from its further economic development. This creates "sustainable local employment and wealth creation" (Blackley, 1998, p 65).

banks and other financial institutions. To this extent the economic impact of Credit Unions in areas of social disadvantage is far greater than might be indicated by the direct employment which they provide.

- 3.7 Origins: At the core of all Credit Unions is the common bond. This may be based upon area of residence, occupation or association. For many Credit Unions in the Nationalist communities, the common bond is parish-based.
- 3.8 Current Policies: Any person over 16 who meets the criteria for the common bond is eligible for membership of a Credit Union. Each member holds a one pound share and is entitled to participate in the democratic control of their Credit Union. The members elect a supervisory committee, which has overall responsibility for the direction of the organisation, and a credit committee responsible for scrutiny of each application for a loan. If the credit union grows large enough it may employ staff. Some Credit Unions, however, operate solely through the work of volunteers. The league operates a number of assurance schemes for affiliated Credit Unions. They include:
- All officials of Credit Unions, whether volunteers or staff, must be fidelity bonded
 - Savings up to £10 000 per member are protected by a savings protection scheme in all Credit Unions participating in the scheme.
 - Member s savings within certain limits are insured through life savings.
- 3.9 The League runs various courses to train staff and committee members in a range of areas including legislation and insurance. A board of directors elected at its annual general meeting by delegates from affiliated credit unions administers the league. Each Credit Union is part of a chapter, which acts as a Forum for the exchange of information, shared promotion and training programmes. Despite this, each Credit Union maintains its own identity, and is run as an autonomous business.
- 3.10 Proposals for Future Developments: The policy is to continue providing a service in a context where rationalisation of banking facilities has led to a withdrawal of branch facilities disadvantaging

objectives.

Key Points:

3.134 Co-operatives have a responsibility firstly to the members closely followed by the local community and other co-operative organisations.

3.135 Small businesses can benefit significantly from the co-operative sector if they fall into any sub-sector of co-operatives or are interested in addressing similar issues to those of the co-operatives.

Academic Perspectives

3.136 Telephone interviews were conducted with a range of academics identified as having an active research interest using a structured questionnaire. The purpose of these interviews was to ensure that the Ulster research used a similar definition and classification of co-operatives and to determine their conclusions on the role of co-operatives in fostering economic regeneration in disadvantaged areas and on how the research could contribute to the identification and dissemination of good practice.

Researchers consulted were:

Bob Briscoe	Dept of Co-operative Studies, University College, Cork
David Dean	Co-operative College, Loughborough
Mervyn Wilson	Co-operative College, Loughborough
Declan Jones	Social Enterprise Institute, Herriot Watt University
Paul Jones	Liverpool John Moores University
Peter Davies	Department of Management Studies, Leicester University
Roger Spear	Co-operatives Research Unit, Open University

The following is a summary of the conclusions of these interviews:

Co-operative definition, identification and classification

The creation of a credit union umbrella organisation arose from South Belfast Community Council. There were no credit unions in the area at the time and the need was identified by people in the community to combat loan sharks and assist in areas of disadvantage.

Aims and Objectives of co-operatives (Q7: What are the organisations aims and objectives?)

3.155 Table 5

Name of organisation	Brief aims/objectives
United Dairy Farmers Co-operative	To assist milk producers with the economics of milk production. E.g. Marketing; improving milk production efficiency and quality, testing; transport and quota brokerage.
Hilltown Farmers Attested Sales Ltd.	To provide: service to local farmers/producers to buy/sell livestock and as a collection centre for cull cattle; opportunity for learning computer/farm filling skills.
West Belfast Taxi Assoc.	To provide: cheap transport for customers in West Belfast; cheaper insurance for members; employment; service in Derry area.
North Belfast Mutual Assoc.	To give people good service and good value for money.
Ulster Federation of Credit Unions	To save money for mutual benefit of members; provide cheap loans in locality to combat disadvantage and low income; promote thrift and to educate members in wise use of money/income.
Rathlin Island Co-operative	Social and economic regeneration of the island; create full time employment sufficient to make a living off the island and pass on skills.
Business International Network (BINI)	To promote all members businesses at every opportunity through word of mouth.
Fermanagh Craft Consortium	To provide a rural craft network; have a joint marketing initiative and establish best practice in craft businesses in the Fermanagh area.
Community Training Group	To set up a model to share skills, knowledge and resources; to promote/encourage: personal and educational development especially of the young; cross community development and sense of community responsibility.
Northside LETS	To facilitate goods and services exchange in the local area without cash.
Rasharkin Women's Group	To assist local women in household management; reduce retail purchase outgoing; reduce poverty; call for more efficient use of energy to heat older houses in poor condition.
Allied Translators	To meet demand by industry, commerce, voluntary and other agencies for an efficient native speaking translation service. To provide/attract work for members.
The Contemporary Furniture Designers	To provide joint exhibition (especially internationally); represent members interests; market and overtly conduct PR; source

